

CRAVEN COUNTY, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2013



**PREPARED BY THE FINANCE DEPARTMENT
RICHARD F. HEMPHILL, FINANCE OFFICER**

Craven County



INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal	1 - 7
GFOA Certificate of Achievement	8
List of Principal Officials	9
Organizational Chart	10
Map of Craven County, North Carolina	11

FINANCIAL SECTION

Independent Auditor's Report	13 - 15
Management's Discussion and Analysis (Unaudited)	17 - 30
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	32
Statement of Activities	23
Fund Financial Statements	
Balance Sheet – Governmental Funds	34
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	35
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	37
Detailed Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	38 - 40
Statement of Net Position – Proprietary Funds	41
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	42
Statement of Cash Flows – Proprietary Funds	43
Statement of Fiduciary Net Position – Fiduciary Funds	44
Notes to Financial Statements	45 - 92
Required Supplementary Information:	
Schedule of Funding Progress for Law Enforcement Officers' Special Separation Allowance	93
Schedule of Employer Contributions for Law Enforcement Officers' Special Separation Allowance	93
Schedule of Funding Progress for Other Postemployment Benefits	94
Schedule of Employer Contributions for Other Postemployment Benefits	94
Notes to the Required Schedules for Other Postemployment Benefits	94
Other Supplementary Information:	
Schedule of Ad Valorem Taxes Receivable	95
Analysis of Current Tax Levy	96
Combining Schedules of Nonmajor Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	97
Combining Balance Sheet – Nonmajor Special Revenue Funds	98
Combining Balance Sheet – Nonmajor Capital Project Funds	99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	100
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	101
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Project Funds	102
<i>Special Revenue Funds:</i>	
Detailed Balance Sheet – All Fire District Funds	103
Detailed Schedule of Revenues, Expenditures and Changes in Fund Balances– All Fire District Funds	104
Schedules of Revenues, Expenditures and Changes in Fund Balance– Budget and Actual – All Fire District Funds	105 - 115

Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual:	
Emergency Telephone System E-911 Fund.....	116
Occupancy Tax Fund.....	117
CDBG FY10 Contingency Infrastructure.....	118
CDBG FY12 Scattered Sites	119
CDBG FY 12 Small Business and Entrepreneurial Assistance Program	120
Pamlico Sound Regional Hazard Mitigation Program.....	121
<i>Debt Service Fund:</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual	123
<i>Capital Project Funds:</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual:	
County Reserve Capital Project Fund	124
Latham-Whitehurst Nature Park Project Fund	125
Qualified School Construction Bond.....	126
EOC 911 Renovation Fund	127
<i>Enterprise Funds:</i>	
Schedule of Net Position – Craven County Water Fund.....	128
Detailed Schedule of Revenues, Expenses and Changes in Net Position – Craven County Water Fund	129
Schedule of Revenues, Expenditures and Other Financing Sources (Uses), Budget and Actual, Non-GAAP, Modified Accrual Basis:	
Craven County Water Operating Fund	130 -131
Castle Hayne Aquifer Capital Project Fund	132
Blended Component Unit, Northwest Craven Water and Sewer District	133
<i>Internal Service Fund:</i>	
Schedule of Revenues, Expenditures and Other Financing Sources (Uses), Budget and Actual, Non-GAAP, Modified Accrual Basis	135
<i>Agency Funds:</i>	
Combining Balance Sheet – All Agency Funds	136
Schedule of Changes in Assets and Liabilities – All Agency Funds	137
<i>Component Units:</i>	
Tourism Development Authority Fund (A Component Unit)	
Detailed Statement of Net Position	138
Schedule of Revenues, Expenditures and Changes in Net Position Budget and Actual	139
Craven County Regional Airport Authority (A Component Unit)	
Combining Statement of Net Position.....	140
Combining Schedule of Revenues, Expenses and Changes in Net Position	141
Combining Schedule of Cash Flows.....	142
Detailed Schedule of Revenues, Expenditures and Other Financing Sources (Uses), Budget and Actual, Non-GAAP, Modified Accrual Basis:	
Operating Fund	143-144
Terminal Area Development Site No. 30 Capital Project Fund	145
Terminal Area Development Site No. 32 Capital Project Fund	146
Terminal Area Development Site No. 33 Capital Project Fund	147
Terminal Area Development Site No. 34 Capital Project Fund	148
Terminal Area Development Site No. 35 Capital Project Fund	149
Airport Reserve Fund	150
<i>Capital Assets Used in the Operation of Governmental Funds</i>	
Capital Assets Used in the Operation of Governmental Funds Comparative Schedules by Source	151
Capital Assets Used in the Operation of Governmental Funds Schedule by Function & Activity	152
Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function & Activity	153

STATISTICAL SECTION (Unaudited)

Net Position by Component – Last Five Fiscal Years (Schedule 1).....	155
Changes in Net Position – Last Five Fiscal Years (Schedule 2).....	156 - 157
Fund Balances – Governmental Funds – Last Ten Fiscal Years (Schedule 3)	158
Changes in Fund Balances – Governmental Funds – Last Ten Fiscal Years (Schedule 4)	159
Assessed Value and Actual Value of Taxable Property – Last Ten Fiscal Years (Schedule 5).....	160
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years (Schedule 6)	161
Principal Property Taxpayers – Current Year and Nine Years Ago (Schedule 7)	162
Property Tax Levies and Collections – Last Ten Fiscal Years (Schedule 8)	163
Ratios of Outstanding Debt by Type – Last Ten Fiscal years (Schedule 9).....	164
Ratio of Net General Bonded Debt Outstanding – Last Ten Fiscal Years (Schedule 10).....	165
Legal Debt Margin Information – Last Ten Fiscal Years (Schedule 11).....	166
Demographic and Economic Statistics – Last Ten Fiscal Years (Schedule 12)	167
Principal Employers – Current Year and Nine Years Ago (Schedule 13)	168
Full-time Equivalent County Government Employees by Function – Last Ten Fiscal Years (Schedule 14).....	169
Operating Indicators by Function – Last Ten Fiscal Years (Schedule 15).....	170
Capital Asset Statistics by Function – Last Ten Fiscal Years (Schedule 16).....	171

COMPLIANCE SECTION

Independent Auditor's Report on:

Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	173 - 174
Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act	175 - 176
Compliance for Each Major State Program and on Internal Control Over Compliance in Accordance with the Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act.....	177 - 178
Schedule of Findings and Questioned Costs.....	179 - 182
Corrective Action Plan	183
Status of Prior Audit Findings	184
Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges.....	185 - 189
Notes to Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges	190

Craven County

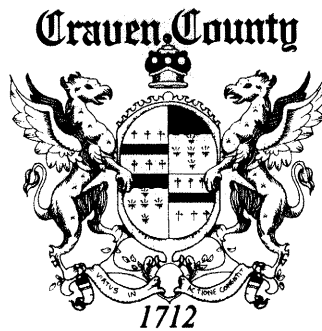


INTRODUCTORY SECTION

- Letter of Transmittal
- **GFOA** Certificate of Achievement
- List of Principal Officials
- Organizational Chart
- Map of Craven County

Craven County





October 28, 2013

The Board of County Commissioners
Citizens of Craven County

The Comprehensive Annual Financial Report of Craven County for the fiscal year ended June 30, 2013 is submitted herewith. The County's Finance Department prepares the financial statements and assumes all responsibility for the accuracy of the data, the completeness and fairness of the presentation, and all disclosures, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Craven County officials believe the data and presentation are fair and accurate, and that everything necessary is included in this document to gain an understanding of the County's financial activities over the last fiscal year.

Craven County Government's financial statements have been audited by McGladrey LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report. The audit was also designed to meet the requirements of the Federal Single Audit Act Amendment of 1996, as well as the State Single Audit Act, N.C.G.S. 159-34. The reports required by these Acts are included in the Compliance Section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of independent auditors.

FINANCIAL REPORTING ENTITY

The financial reporting entity includes all the funds of the primary government (Craven County), as well as its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the general purpose financial statements to emphasize that they are legally separate from the primary government and to distinguish their financial positions, results of operations, and cash flows from those of the primary government. The Coastal Carolina Regional Airport Authority (formerly Craven Regional Airport Authority), Craven County Alcoholic Beverage Control Board, Craven County Tourism Development Authority and CarolinaEast Health System (formerly Craven Regional Medical Authority) are included as discretely presented component units in the reporting entity. However, the Craven County Board of Education, the Craven-Pamlico-Carteret Regional Library, Eastern Carolina Council of Governments, Craven Community College, and the Coastal Regional Solid Waste Management Authority have not met the criteria for inclusion in the reporting entity as component units and, accordingly, the financial information for these organizations is excluded from this report. Each of these entities publishes its own annual financial report to which the reader is referred.

PROFILE OF CRAVEN COUNTY

Craven County, chartered in 1712, utilizes a Commissioner-Manager form of government with seven commissioners who serve four-year terms. The Chairperson is elected by the Commissioners each year for a one year term. The County Manager, County Attorney, and Clerk to the Board are appointed by, and serve at the pleasure of the County Commissioners. The County Manager is responsible for administering all affairs of the County and for management of all County employees.

Craven County is located midway along North Carolina's lace work coastal fringe and is diverse in its physical characteristics, demographics and economic base. The County's land area totals approximately 712 square miles or 455,680 acres. Settled in 1710 by Swiss and German immigrants at the confluence of the Trent and Neuse Rivers, New Bern, the county seat, is the second oldest town in the state. Rich in history, it is the site of North Carolina's Colonial Capitol and its first State Capitol. New Bern is also the Birthplace of Pepsi Cola, a drink first concocted by Caleb Bradham, a local pharmacist, in 1898. Downtown New Bern offers museums, shops, galleries, restaurants, historic sites, waterfront hotels, bed and breakfast accommodations, marinas, convention center, parks, historic homes and churches. Tryon Palace Historic Sites & Gardens, the first permanent seat of colonial government in North Carolina, offers visitors an opportunity to experience 300 years of American history and acres of period inspired gardens.

The City of Havelock, the second largest municipality in Craven County, is home to Cherry Point, the largest Marine Corps Air Station on the East Coast, employing 5,274 civilian workers. The Air Station is home of the 2nd Marine Aircraft Wing and sits on 13,164 acres of land in Craven County. The Fleet Readiness Center (FRC) East (formerly known as NADEP), one of eight fleet readiness centers operated by the U. S. Navy, sits on nearly 150 acres on board Marine Corps Air Station Cherry Point. FRC East is the largest industrial employer in eastern North Carolina. The base is also the location of Halyburton Naval Health Clinic.

While still a rural county, Craven County has become much less dependent on agriculture as its main economic engine. The County has revealed itself as a desirable destination for tourists, drawn by abundant opportunities for conventions, golf, sailing, beaches, fishing, hunting, and touring over 150 historic landmarks. The County's reputation as a desirable retirement community is a direct result of its popularity as a tourist destination.

THE LOCAL ECONOMY

Craven County's economy is experiencing much of the same impacts as other areas in the State. The growth of residential development aimed at retirees has slowed significantly with the current economic conditions and overall poor housing market. Housing prices have continued to decline the past three years as shown by the sales/assessment ratio calculated by the N.C. Department of Revenue based on a sample of sales of homes each year. Craven County's last revaluation was in January 2010 at which time the ratio was 100 (that is, market was equal to assessed value). In 2011 it was 1.0123, in 2012 it was 1.0679, and in 2013 it was 1.1302. Simply stated, the selling price of the sample of sales used was valued 13 percent higher than the market value. The next revaluation for the County is in 2016 which allows time for a turnaround if the housing market picks up. Recent numbers show home sales have picked up approximately 10 percent in the first half of calendar 2013 compared to the same period for 2012. Approximately 20 percent of these sales were bank owned sales. There is a year of inventory on the market based on the current rate of sale.

Per capita personal income in Craven County increased by 3.7 percent in calendar 2011 (the latest information available), to \$36,610. The change for the state of North Carolina in 2011 was a 4.15 percent increase and nationally the change was a 4.4 percent increase. The County's per capita income level is 102 percent of the state average and 88 percent of the national average, down from 90 percent. The County ranked seventeenth out of one hundred counties in the state in per capita income, down from fifteenth. The 2001-2011 average annual growth rate of per capita personal income for the County was 3.2 percent, while the average annual growth rate for the state was 2.4 percent and 2.9 percent for the nation. In the year 2001, the County ranked twenty-seventh out of 100 counties in the state.

The number of building inspections performed by the Craven County Inspection Department was down ten percent in fiscal 2013 compared to 2012, a further indication of a slow housing market. The number of inspections performed in 2013 is still only 66 percent of fiscal 2007, the peak of the boom market. These amounts do not reflect the numbers of the two municipalities which have their own inspection departments.

Government (federal, state and local) is the largest sector of employment in the County with 32.5 percent of all jobs, a 1.3 percent decrease for calendar 2012 compared to a year ago. This decrease was due to a decline of 2.8 percent in federal employment and 4.3 percent decline in state government, both of which caused by budgetary constraints. Total employment in the County was up 1.2 percent over the prior year with the private sector up 2.5 percent, offsetting the decline in government employment. The private sectors with the greatest change in employment for the year include financial activities (up 3.2 percent), professional and business services (up 13.2 percent), natural resources and mining (up 6.1 percent), construction (down 5.29 percent), and information services (down 9.3 percent).

The U.S. Marine Corps Air Station at Cherry Point provides employment for a total work force of 14,693 personnel, including 5,274 civilian jobs. The same numbers a year ago were 14,925 and 5,361. The number of civilian jobs at the Fleet Readiness Center East (the single largest industrial employer east of I-95) located at Cherry Point Marine Corps Air Station was down 1.69 percent from the previous year. The total payroll for the base in calendar 2012, including Fleet Readiness Center East, was \$1.23 billion while the total economic impact of the Marine Corps Air Station at Cherry Point, including the FRC East, was \$2.2 billion. The military and the local community have developed a strong relationship from which both have benefited.

The annual average unemployment rate in Craven County fell from 11 percent in calendar 2011 to 9.7 percent for calendar 2012. The statewide average for calendar year 2012 was 9.5 percent, down a full percent from 10.5 percent in 2011. Employment at major manufacturing employers in the County was up at both Moen and BSH Home Appliances. Employment was down slightly at Craven County, flat at the

City of New Bern and up at both CarolinaEast Health Systems and the Craven County Schools. The unemployment rate for July 2013 in the County was 9.8 percent, virtually flat from the calendar 2012 average.

With many historic sites and homes, 40 miles of navigable rivers, the Croatan National Forest, and abundant lakes and wildlife, the County continues to emphasize and capitalize on tourism. Tryon Palace, the first State Capitol, was authentically reconstructed in the 1950's and is considered the main attraction in the downtown historic district of the City of New Bern. The State of North Carolina has completed construction of the North Carolina History Center, an education/visitor center for the Tryon Palace situated between the Palace and the Doubletree (formerly the Hilton Hotel), near the Convention Center. The County contributed over a million dollars to the interactive museum/education center project. The building contains two major museums—the Pepsi Family Center and the Regional History Museum, as well as a 200-seat state-of-the-art performing arts hall, exhibit and orientation theaters, a museum store, a waterfront café, and program and administrative space. The Palace implemented a reduction in employment as a result of budget cuts by the State in both fiscal 2012 and fiscal 2013 and is working to deal with the significant reduction in State funding to the Palace.

Domestic tourism in Craven County generated an economic impact of \$119 million in calendar year 2012, an increase of 2.6 percent from 2011. State and local tax revenues from travel to Craven County amounted to \$8.91 million which represents an \$84.71 tax savings to each county resident. According to North Carolina Division of Tourism, Film and Sports Development, in calendar 2012 there were 1,040 jobs in Craven County related to tourism with an annual payroll of \$21.78 million.

The New Bern Riverfront Convention Center, located in historic downtown New Bern, was constructed by the County at a cost of \$12 million and opened in August of 2000. The facility is approximately 45,000 square feet and houses a 12,000 square foot ballroom designed to seat and serve groups up to 1,500. The site is adjacent to one of the major hotel facilities in the downtown area and within walking distance of two other hotels and several bed and breakfast facilities. Operating revenues increased to \$779,000 in fiscal 2013 from \$674,000 in fiscal 2012. The reason for the increase was due to the Center taking over the sale of alcoholic beverages which generated \$150,000. Previously, the Center had allowed caterers to provide this function and the County received a percentage of the sales. The Center incurred an operating deficit of \$271,000 in fiscal 2013 which included capital outlay of \$76,000. The actual deficit was lower than the budgeted deficit of \$367,000. The Center was not built with the expectation that it would generate a direct profit, but was intended to provide an economic stimulus for the County. The Center hosted 254 events in fiscal 2013 and generated approximately \$9.2 million of economic impact to the community during the fiscal year ended June 30, 2013. The debt incurred for the Center is serviced through the increase in occupancy tax enacted in November 1996 from 3 percent to 6 percent.

LONG TERM PLANNING

Providing the services desired by its citizens and those required by statute during a period of economic slowdown is a recurring challenge faced by all local governments. During fiscal 2013 the County's General Fund balance increased \$661,931. The County's unassigned General Fund balance at June 30, 2013, represents 24.2 percent of actual expenditures and transfers out for fiscal year 2013. The tax rate for fiscal 2013 was lowered to \$.47 per hundred dollars of valuation, down from \$.4728. The County last conducted a reappraisal of all County real property as of January 1, 2010. Property values increased from \$9.61 billion to \$9.74 billion, or 1.35 percent. This increase was due to increases in residential, industrial, and personal property. There was very little increase in commercial values. The breakdown of these amounts is available in the Statistical Section of this report on Schedule 5.

The estimate of property values for fiscal 2014 is \$9.85 billion and reflects the continuation of slow growth in the tax base due to the economy. The budget for fiscal 2014 was adopted with a tax rate of \$.4675 per hundred dollars of valuation, a quarter cent decrease from the previous year. Budgeted expenditures of the General Fund are \$97,976,000 for fiscal 2014 and compare to \$93,992,000 of expenditures in the 2013 original budget. Budgeted revenues are the same and include only an appropriation of the County's fund balance in the amount of \$101,480 to carry over unspent grant funds received in fiscal 2013. There was no fund balance appropriated to balance the budget. One of the most significant items causing the increase in the budget is a one-time occurrence relating to the collection of motor vehicle property taxes. The Department of Transportation, through DMV, will now collect property tax at the time of the vehicle registration. The counties will now receive those funds four months earlier than before resulting in sixteen months of revenue in fiscal 2014. This amount is budgeted to be \$1,150,000 for Craven County and increased the revenue budget. On the expenditure side, since the money is a one-time "windfall" it was budgeted as a transfer (expenditure) to the Debt Service Fund to fund school debt. Other items which resulted in the higher budget was \$300,000 for the Tax Department for collection fees to DMV, \$300,000 increase in the Health Department for additional cost in the clinic services, \$500,000 increase in Department of Social Services for subsidized day care and energy programs and finally an increase in education of \$500,000 for increased funding for the public schools and the community college. The public schools appropriation increased \$400,000 mostly to provide a \$100 per year increase in the local supplement for teachers. The appropriation to the community college capital was increased by \$100,000 for needed renovations on the campus.

Capital needs of the County are assessed on an annual basis. The Capital Improvement Plan serves as the basis for the County's annual capital budget. The Capital Improvement Plan provides a framework for capital additions and the method of financing those projects for a five year period. The Capital Reserve Fund maintained by the County is a primary source of funding for capital projects. These funds allow the County to pay for future capital needs as they arise. Transfers of \$1,180,000 were made during 2013 to the General Fund for capital items funded by the Capital Reserve Fund. While there was no appropriation in the original budget for fiscal 2013 to transfer funds to the Capital Reserve Fund, two budget amendments were approved during the year. The first consisted of \$865,000 excess profits received in September 2012 from the ABC Board and the second was a \$1 million appropriation near the end of the year to further fund the Capital Improvement Plan. The County did not make an appropriation to the Capital Reserve Fund in the fiscal 2014 budget.

The County continues the renovation of the building, which formerly housed the Sheriff department and jail, to house the Emergency Services offices, a permanent Emergency Operation Center (EOC), expansion of the E-911 center, and provide generator supported facilities as the primary location for the County's computer hardware. Currently the County activates the EOC in a courtroom in the Courthouse Annex building on an as needed basis. This involves moving a lot of technology into place and interferes with the Court schedule. The data processing center is currently located in the County Administration Building which does not have a generator on site. Bids were awarded during fiscal 2013 and construction is expected to be completed in the first half of fiscal 2014. Upon completion, the office area formerly used by Emergency Services will be used for an expansion of the elections department.

During the upcoming year, the County will engage a contractor to remove debris from Swift Creek. This \$130,000 project is being funded primarily through a grant obtained from the State by the Soil and Water District. The County will contribute approximately \$25,000 to the project. The debris, most of which is the result of Hurricane Irene in 2012, is currently blocking many areas of the creek and causing spot flooding in those areas.

Upcoming plans for the County water system include the continued alternate water source project in response to restrictions imposed by the State limiting the volume of water that users of the Black Creek aquifer may withdraw. All entities using the Black Creek were mandated to make a 25 percent reduction

in the Black Creek withdrawals by 2008, 50 percent reduction by 2013, and 75 percent reduction by 2018 (if required). Craven County met the 25% reduction by drilling five wells into the Pee Dee aquifer and blending the water with the remaining Black Creek water. The five wells were drilled on the same sites as the five Black Creek wells and provided sufficient water to reach the goal of the 25 percent reduction mandated for 2008.

The Pee Dee aquifer wells, alone, did not allow the County to meet the 2013 goal of 50% reduction from the Black Creek aquifer. The County was forced to find another water source to meet this goal. In 2008, the County engaged an engineer to update a plan of future demands on the system to allow the decision of how to meet the next required reduction. This study was completed during fiscal 2009 and the recommendation was to proceed with wells in the Castle Hayne aquifer. During 2009, the County drilled test wells in the Castle Hayne aquifer near the Carolina Pines subdivision between New Bern and Havelock. In 2012 the test wells were completed and one production well was drilled. The flow from these wells exceeded expectations and as a result only 5 wells will be required to provide water to the 2 million gallon per day treatment plant. It was initially thought there would be a need for up to nine wells. This water will require advanced treatment and the need for a treatment plant located on the east side of the Trent River to provide water for all customers on that side of the river. The County acquired a 10 acre site for the plant and one well in 2011 has closed on land providing 7 more well sites in 2012. In 2012 the County contracted with the engineer to design the plant, distribution system and discharge system. The plant will be designed to provide a maximum of 5.0 million gallons of water per day but the initial phase will be to construct treatment for only 2.0 million gallons per day. Plans include bidding an additional million gallons (total of three) as an alternate to the construction bid. The estimated cost of the total project is approximately \$29 million for phase one with another \$5 million for the alternate of adding another million gallons production and three more wells. During fiscal 2013 the engineer completed design up to the 90% level and is acquiring all necessary permits for construction. Plans are to bid the project in January 2014.

Water rates were increased by an average amount of 15% in October 2011. This was not an across the board increase but had two purposes; to provide funds for the plant debt service and to encourage conservation. The inclining rate schedule was increased more for the higher quantities than the small quantities. The 0 to 3,000 gallon per month bracket was adjusted upward 11% while the over 15,000 gallons per month bracket went up by 60%. The existing Black Creek and Pee Dee wells will serve all customers on the western side of the river for the foreseeable future. In September, 2012 the County applied for and received a \$3 million planning loan from the Division of Water Quality (DENR) to provide funds to cover costs up to the bidding phase of the project. In September, 2014 the County will apply for a loan from DENR for the construction phase of the project. The County expects to pay approximately \$15 million of the project costs from funds on hand with the remaining funds coming from the loan.

AWARDS AND ACKNOWLEDGEMENTS

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the County of Craven for its comprehensive annual financial report for the fiscal year ended June 30, 2012, the twenty third consecutive year this award was received. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

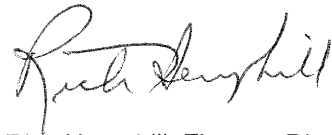
Acknowledgments. The preparation of the comprehensive annual financial report was made possible by the entire Craven County Finance Department: Aletta Brown, Assistant Finance Director, Karla Wright, Christy Foreman, Rosie Brinson, Andrea Brookins, Donna Nelson, Rosemary Osterhus, Nancy Dawson, Craig Warren, and Craig Wilkie. Also of significant assistance in the preparation of the report were Martha Wayne, James Goodman, William Alexander, Patti Dudley, Robbie Bittner, and Gary Ridgeway of McGladrey LLP.

The information presented in this report illustrates the progressive leadership and support provided by the Craven County Board of Commissioners. Without the Board's guidance and initiative, the financial activities of Craven County would not be able to operate in a fiscally stable and responsible manner.

Respectively submitted,

Handwritten signature of Jack B. Veit, III in black ink.

Jack B. Veit, III, County Manager

Handwritten signature of Rick Hemphill in black ink.

Rick Hemphill, Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Craven County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

CRAVEN COUNTY, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

June 30, 2013

**BOARD OF
COMMISSIONERS**

SCOTT C. DACEY
Chairman

THOMAS F. MARK
Vice-Chairman

STEVE TYSON

LEE K. ALLEN

THERON MCCABE

JOHNNIE SAMPSON, JR

JEFFEREY S. TAYLOR

COUNTY OFFICIALS

JACK B. VEIT III
County Manager

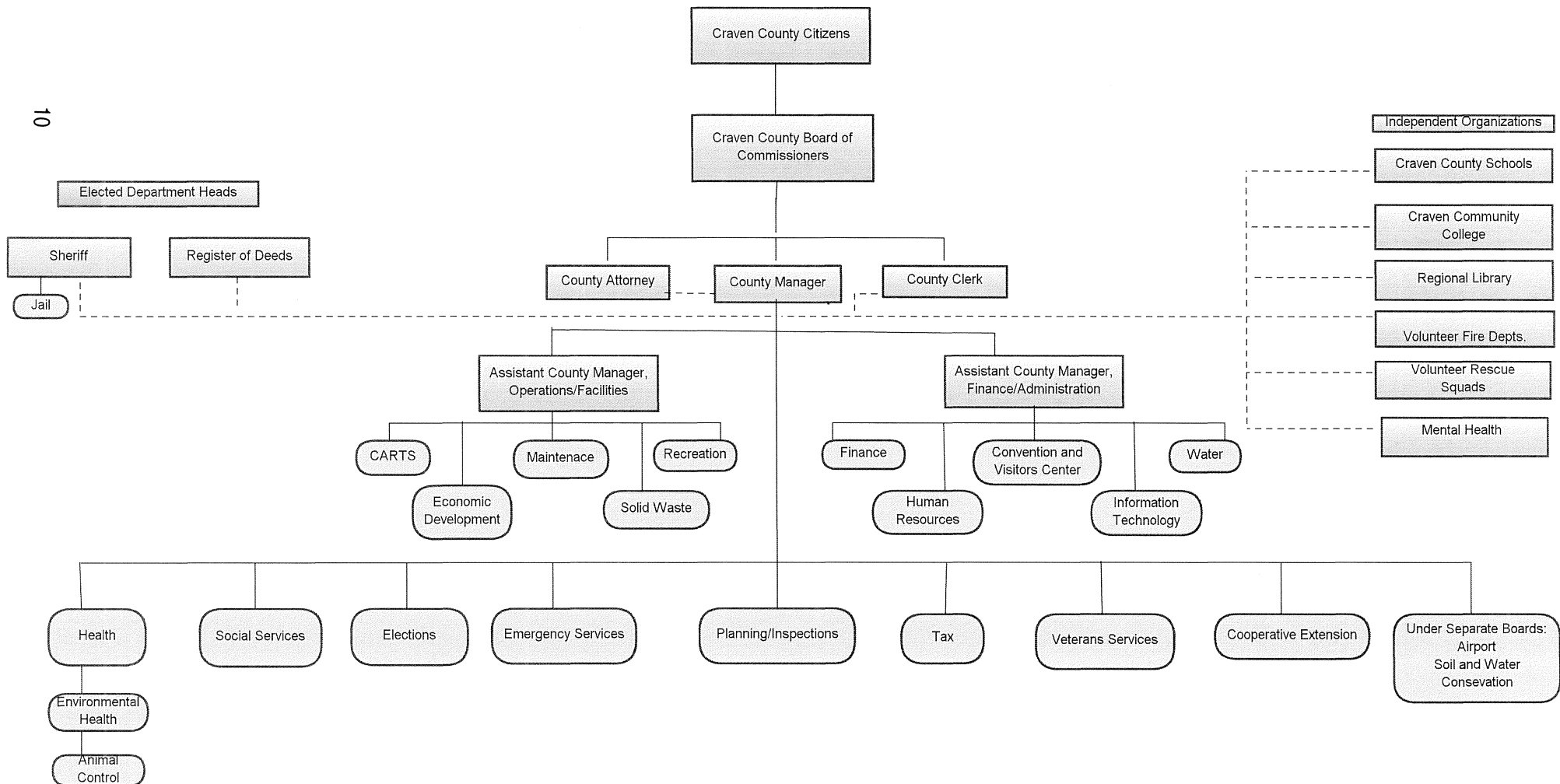
RICHARD F. HEMPHILL
Finance Officer

GENE HODGES
Assistant County Manager

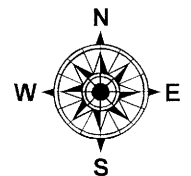
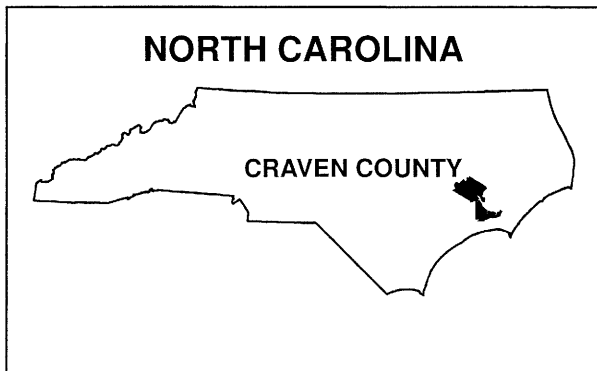
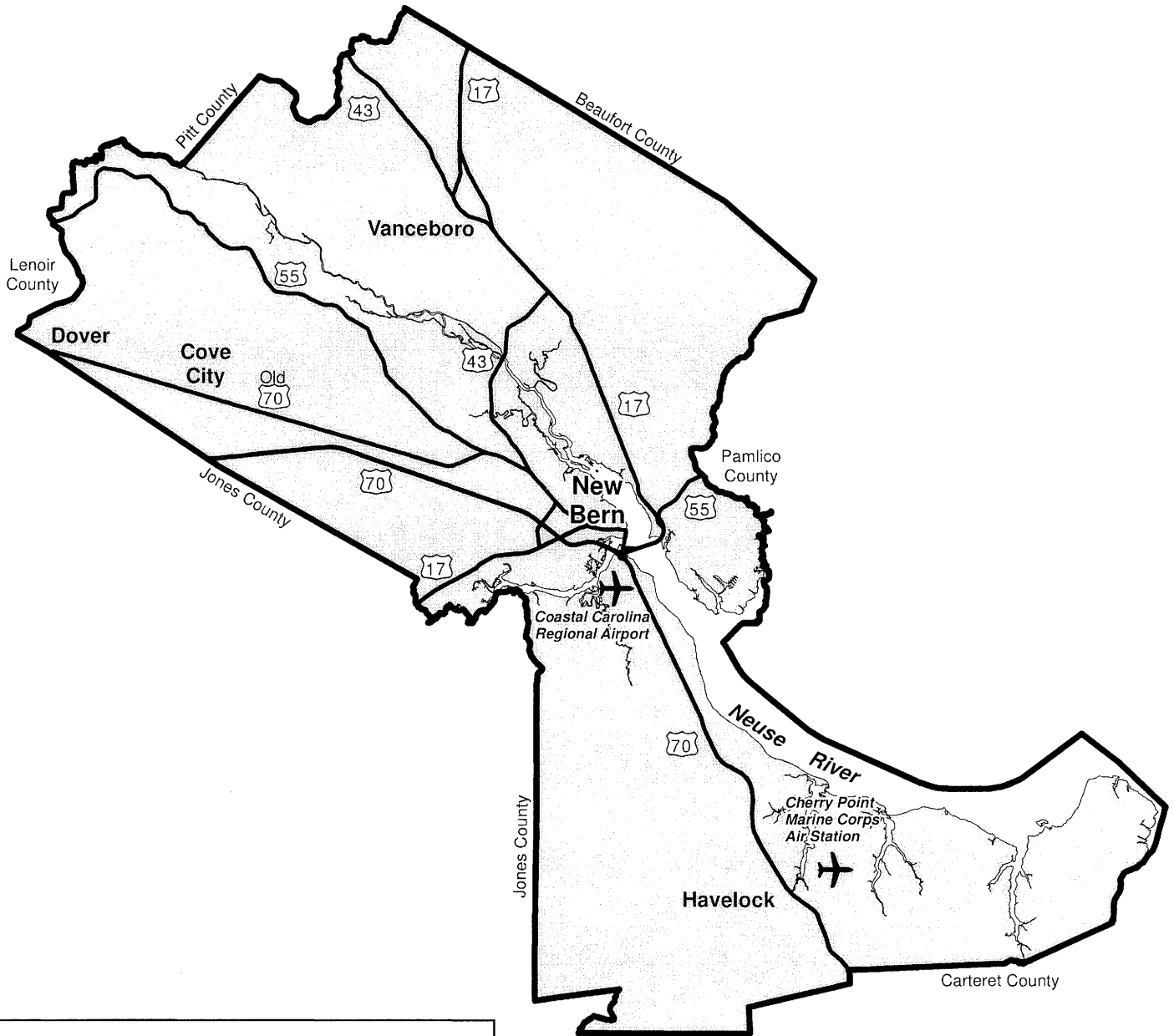
SHERRI RICHARD
Register of Deeds

JERRY MONETTE
Sheriff

Craven County Organizational Chart



Craven County North Carolina





FINANCIAL SECTION

- Report of Independent Certified Public Accountants
- Management Discussion & Analysis
- Basic Financial Statements
- Notes to the Financial Statements
- Required Supplementary Information
- Other Supplementary Information

Craven County



**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

Craven County





Independent Auditor's Report

To the Honorable Chairman and
Members of the Board of Commissioners
Craven County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Craven County, North Carolina as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Craven County Alcoholic Beverage Control ("ABC") Board or CarolinaEast Health System ("Health System"), which represented 93%, 92% and 98%, respectively, of the assets, net position and revenues of the aggregate discretely presented component units of the County. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for ABC and Health System, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Craven County Alcoholic Beverage Control Board and CarolinaEast Health System were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Craven County, North Carolina as of June 30, 2013, and the changes in financial position and, where applicable cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19 to the financial statement, in the year ending June 30, 2013, the County adopted new accounting guidance Governmental Accounting Standard Board (GASB) 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions, and the Other Postemployment Benefits' Schedules of Funding Progress and the Employer Contributions on pages 17 through 30 and 93 through 94, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Craven County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and other schedules listed in the table of contents as Other Supplementary Information and the Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the State Single Audit Implementation Act and the Passenger Facility Charge Audit Guide for Public Agencies issued by the Federal Aviation Administration, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements and other schedules listed as other supplementary information and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

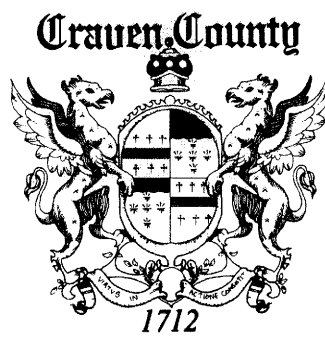
The introductory section and statistical tables of the Comprehensive Annual Financial Report are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2013, on our consideration of Craven County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Craven County's internal control over financial reporting and compliance.

McGladrey LLP

Morehead City, North Carolina
October 28, 2013



MANAGEMENT'S DISCUSSION & ANALYSIS

Craven County



**Craven County
Management's Discussion and Analysis (Unaudited)
June 30, 2013**

As management of Craven County, we offer readers of Craven County's financial statements this narrative overview and analysis of the financial activities of Craven County for the fiscal year ended June 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of Craven County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$70,138,439 (net position).
- The government's total net position increased by \$5,840,759 (after the restatement of last year's net position amount). Of this amount, \$1,383,496 was an increase in the net position of the Water Fund due to the normal operations of this enterprise fund. The remaining \$4,457,263 increase in net position was in governmental activities and resulted from the restatement (reduction) of beginning net position in the amount of \$966,952 to remove the deferred charges of unamortized issue costs of debt based on implementation of GASB Statement 65, and from under spending appropriations by more than \$3 million.
- The net position of the governmental activities is lower than one would expect due to the method used in North Carolina to record the debt and asset related to school buildings. Under North Carolina law, the County is responsible for providing capital funding for the public schools and community college. The capital assets funded by the County are owned by the public school system and community college and are not recorded as an asset of the County. The County, however, does recognize a liability for the debt issued to fund these projects. As of June 30, 2013, the outstanding balance of school related debt was \$45,394,750, excluding unamortized premium.
- As of the close of the current fiscal year, Craven County's governmental funds reported combined fund balances of \$40,333,504 an increase of \$96,783 for the year. This increase was created in two of the governmental funds, the General Fund and the Emergency Telephone System Fund. The fund balance of the General Fund increased by \$661,931 due to actual expenditures being approximately \$3.1 million less than budget. Expenditures were below budget in all departments of the County but the most significant variances were in the General Government, Health and Social Services functions. The General Government variance was spread over many departments but one of the larger savings was interest on debt due to the refunding of the 2007 COP's during the year. Expenditures in all programs in the health department were below budget for the fiscal year with the home health program having the largest savings due to lower than expected salary and contractual labor costs. Expenditures for salaries in all of the social services programs were less than budget due to lapsed salaries of vacant positions, some of which due to a reduction in force as a result of lost funding. Also in the social services function, capital expenditures were less than budget in the transportation program due to vehicle replacement being postponed by the State until the following year. The fund balance of the Emergency Telephone System (E-911) was the other governmental fund which increased during the year. The \$174,117 increase was the result of the anticipated upgrade of equipment being postponed until fiscal 2014. The increase in these two funds was offset by decreases in other governmental funds, primarily the Debt Service Fund which used

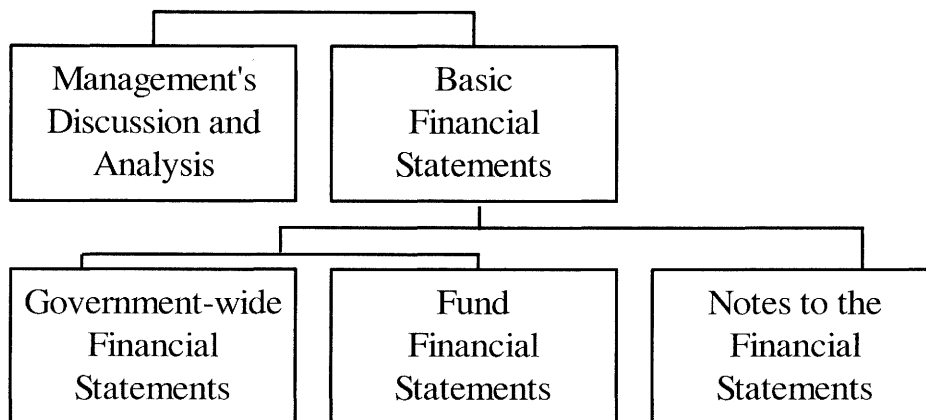
fund balance of \$367,987 during fiscal 2013 to meet the debt service requirements of the school debt. This use of fund balance was anticipated in the budget and the amount actually used was less than the budgeted amount. The fund balance of the Capital Project Fund for school improvements financed through the Qualified School Construction Bonds also decreased as that project was completed and all funds expended. The fund balance of the County Reserve Fund decreased due to transfers to the General Fund to purchase capital items included in the County's capital improvement plan

- Revenues in the General Fund were approximately \$.5 million below budget. The breakdown of this half million shortage is: property taxes were \$468,000 over budget, sales tax revenue was \$645,000 below budget, intergovernmental revenue was \$889,000 below budget, and charges for services was \$582,000 over budget. Property tax revenue was over budget due to property values being higher than estimated in the budget. Sales tax was below budget due to continued poor economic conditions. Intergovernmental revenues were lower due primarily to reductions in federal funding for social services administration costs. Charge for services was over budget due to increased fees collected by the Register of Deeds, more fees for housing State inmates in the jail, and higher fees collected for ambulance service. Approximately 78 percent of the total General fund balance, or \$23,440,262, is unassigned at June 30, 2013. This amount represents 24.2 percent of total General Fund expenditures (including transfer outs). In 2012, unassigned General Fund balance was \$23,271,321 approximately 79 percent of the total fund balance. There was no appropriation of fund balance in the 2014 budget.
- Debt service was reduced as a result of refunding the callable portion of the 2007 Certificates of Participation. The net present value savings of the refunding was \$1.9 million over the term of the debt. The limited obligation bond was privately placed with a bank at a fixed interest rate of 2.07%.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Craven County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information to enhance the reader's understanding of the financial condition of Craven County.

Required Components of Annual Financial Report



Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status, using the full-accrual basis of accounting, in a manner similar to a private-sector business.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental fund statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **Notes to the Financial Statements**. The notes are essential to a full understanding of the data provided in the government-wide and fund financial statements because they explain in detail some of the data contained in those statements.

After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the County's basic services such as public safety, education, human services, environmental services, economic and physical development, and general administration. Property tax, sales tax, and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. For Craven County, only the water utility is reported as a business activity.

The final category is component units. CarolinaEast Health System (formerly Craven Regional Medical Center) is a public hospital operated by the CarolinaEast Health System authority. The County Commissioners appoint the governing board of the Health System and own the buildings and land of the main hospital site. The facility is leased for \$1 per year to the Health System by the County. The Craven County Tourism Development Authority (TDA) and the Coastal Carolina Regional Airport Authority (formerly Craven Regional Airport Authority) are separate legal entities. The County is financially accountable for the TDA, as the TDA derives its revenues through a special room occupancy tax authorized and revocable by the County Commissioners. The Airport Authority governing board is appointed by the County Commissioners and the County is responsible for financing any operating deficits of the Authority. Although legally separate from the County, the Craven County Alcoholic Beverage Control Board is a component unit of the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County.

The government-wide financial statements follow this analysis.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. Craven County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Craven County can be divided into three categories: governmental funds, proprietary fund and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using the accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental funds financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Craven County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – Craven County has only two proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Craven County uses an enterprise fund to account for its water utility activity. This fund is the same as the separate activity shown in the business-type activities in the Statement of Net Position and the Statement of Activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an internal service fund to account for its risk management activity. Because this operation benefits predominately governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

Fiduciary Funds – Agency funds are used to account for resources held for the benefit of parties outside the government. Craven County has three agency funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start immediately following the basic financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Craven County's progress in funding its obligation to provide pension benefits to law enforcement personnel. Required supplementary information can be found following the Financial Statements and Notes to the Financial Statements of this report.

Government-Wide Financial

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows resources exceeded its liabilities and deferred inflows of resources by \$70,138,439 as of June 30, 2013. The County's net position increased by \$5,840,759 for the fiscal year ended June 30, 2013. This amount is after a restatement of the beginning fund balance to implement GASB Statement 65 and resulted in a reduction of beginning fund balance in the amount of \$966,952 to eliminate the deferred asset for unamortized debt issue costs. By far, the largest category of net position, totaling \$55,563,437 or 79% of the total net position, is the County's investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. Craven County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Craven County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Craven County's net position \$9,316,938 (13.3%) represents resources that are subject to external restrictions on how they may be used. Most of this amount is a result of North Carolina statutes requiring restriction of assets not readily converted into cash. The remaining balance is unrestricted. At June 30, 2013, the unrestricted balance of \$5,258,064 would be significantly larger were it not for the method used to finance public school and community college (schools) debt in North Carolina. Under North Carolina law, the County is responsible for providing capital funding for the schools. The County has chosen to meet its legal obligation to provide the schools capital funding by using a mixture of County funds and debt. The assets funded by the County, however, are owned and utilized by the schools. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. Even though the debt issued has been issued to finance capital outlay and construction for the schools, the Governmental Accounting Standards Board has determined that it is not capital debt for the County since it is not financing assets owned by the County. As a result, the school debt is reportable within the unrestricted category of net position rather than as part of the category invested in capital assets, net of related debt. The unrestricted net position balance is made up of the following:

School system debt	\$ (45,394,750)
All other	<u>50,652,814</u>
Total unrestricted net position	<u>\$ 5,258,064</u>

Craven County's Net Position

	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 49,091,448	\$ 49,957,987	\$ 17,236,984	\$ 15,130,269	\$ 66,328,432	\$ 65,088,256
Capital assets, net	64,427,109	66,097,232	19,909,780	18,797,337	84,336,889	84,894,569
Total assets	113,518,557	116,055,219	37,146,764	33,927,606	150,665,321	149,982,825
Total deferred outflows of resources	6,387,811	2,194,816	-	-	6,387,811	2,194,816
Long-term liabilities/schools	45,394,750	47,188,550	-	-	45,394,750	47,188,550
Long-term liabilities/other	35,554,114	35,298,138	2,827,963	1,209,095	38,382,077	36,507,233
Other liabilities	2,286,356	2,795,995	638,025	421,231	2,924,381	3,217,226
Total liabilities	83,235,220	85,282,683	3,465,988	1,630,326	86,701,208	86,913,009
Total deferred intflows of resources	213,485	-	-	-	213,485	-
Net position:						
Invested in capital assets, net of related debt	38,519,516	37,057,382	17,043,921	17,751,235	55,563,437	54,808,617
Restricted	9,316,938	9,058,929	-	-	9,316,938	9,058,929
Unrestricted (deficit)	(11,378,791)	(13,148,959)	16,636,855	14,546,045	5,258,064	1,397,086
Total net position	\$ 36,457,663	\$ 32,967,352	\$ 33,680,776	\$ 32,297,280	70,138,439	\$ 65,264,632

The impact on unrestricted net position, caused by the inclusion of the school debt without the corresponding assets, was partially offset by the following positive factors:

- Continued diligence in the collection of property taxes by increasing the collection percentage to 98.03, up from 97.92 the previous year and higher than the statewide average of 97.3 percent for the previous year.
- General Fund expenditures were less than budgeted expenditures by \$3.1 million. This was due to continuing the steps implemented in the past year, including a soft hiring freeze, restricting travel and capital outlay. The actions taken to control expenditures successfully offset revenues of \$.5 million below budget and resulted in an addition to the General Fund Balance in the amount of \$662,000.
- Lower cost of debt due to refunding of the 2007 Certificates of Participation.

Craven County Changes in Net Position

	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	14,719,890	13,316,188	3,733,491	3,709,076	18,453,381	17,025,264
Operating grants and contributions	19,774,750	20,740,481	-	-	19,774,750	20,740,481
Capital grants and contributions	1,645,370	1,831,861	-	-	1,645,370	1,831,861
General revenues:						
Property taxes	47,503,351	46,550,189	-	-	47,503,351	46,550,189
Sales and use taxes	13,594,555	13,491,235	-	-	13,594,555	13,491,235
Other	2,575,802	2,364,115	181,601	202,269	2,757,403	2,566,384
Total revenues	99,813,718	98,294,069	3,915,092	3,911,345	103,728,810	102,205,414
Expenses:						
General government	6,245,251	10,295,085	-	-	6,245,251	10,295,085
Public safety	21,178,464	16,897,985	-	-	21,178,464	16,897,985
Environmental protection	4,949,064	5,044,117	-	-	4,949,064	5,044,117
Economic and physical development	2,818,906	3,372,531	-	-	2,818,906	3,372,531
Human services	31,450,010	31,482,626	-	-	31,450,010	31,482,626
Culture and recreation	2,334,287	2,287,587	-	-	2,334,287	2,287,587
Education	23,743,790	23,781,177	-	-	23,743,790	23,781,177
Interest on long term debt	2,739,303	3,488,561	27,350	30,241	2,766,653	3,518,802
Water and sewer districts	-	-	2,401,626	2,474,540	2,401,626	2,474,540
Total expenses	95,459,075	96,649,669	2,428,976	2,504,781	97,888,051	99,154,450
Increase in net position before transfers	4,354,643	1,644,400	1,486,116	1,406,564	5,840,759	3,050,964
Transfers	102,620	105,000	(102,620)	(105,000)	-	-
Increase in net position after transfers	4,457,263	1,749,400	1,383,496	1,301,564	5,840,759	3,050,964
Net position beginning of year	32,967,352	31,217,952	32,297,280	30,995,716	65,264,632	62,213,668
Restatement for accounting change	(966,952)	-	-	-	(966,952)	-
Net position, beginning, restated	32,000,400	31,217,952	32,297,280	30,995,716	64,297,680	62,213,668
Net position ending	36,457,663	32,967,352	33,680,776	32,297,280	70,138,439	65,264,632

Governmental activities. Governmental activities increased the County's net position by \$4,457,263. Changes of significance in the revenues and expenses are outlined below.

Revenues increased by over \$1.6 million due to:

- Charge for services was up \$578,000 over the prior year due to increased fees collected by the Sheriff department and the jail. Sheriff fees were up \$78,000 and fees collected for housing state and other county's inmates were up \$295,000. Fees collected by the convention center were up \$117,000 in fiscal 2013 due to the center selling alcoholic beverages rather than allowing the caterers to sell these beverages.
- Property taxes increased by approximately \$1 million in fiscal 2013 over 2012 due to a higher tax base of over \$100 million and a higher collection percentage.

Expenses declined by approximately \$1.2 million due to:

- Economic and physical development expenses were \$550,000 less in fiscal 2013 (than 2012) as a result of the changes in the economic development department and the

reduction of spending in CDBG programs. The economic development department was re-organized during the year and positions were not filled until the following year.

- Interest expense was lower by \$750,000 in fiscal 2013. This decrease in interest was a result of declining principal balances due to scheduled debt payments and savings generated by the refunding of the 2007 Certificates of Participation.

Business-type activities. Business-type activities, the County's water utility, increased Craven County's net position by \$1,383,496.

- Total revenue remained flat in fiscal 2013 as a result of a small increase in charges for services (due to increased usage) and an offsetting decrease in revenues due to less sale of surplus assets. There was no change in water rates in 2013. The last rate increase was implemented in October 2011 to provide funds for the water treatment plant construction project. That rate increase is expected to provide the funds needed for additional operating expenses and higher debt service when the new treatment plant comes on line in 2016.
- Expenses declined by approximately 3 percent due to lower utility and personnel cost in fiscal 2013. Maintenance cost for the system was also lower in fiscal 2013. Operating income as a percentage of revenue increased in 2013 to 37% compared to 36% in 2012.

Financial Analysis of the County's Funds

As noted earlier, Craven County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Craven County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Craven County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2013, the governmental funds of Craven County reported a combined fund balance of \$40,333,504, which represents a 0.2 percent increase from last year.

The General Fund is the chief operating fund of Craven County. At the end of fiscal 2013, the County's unassigned fund balance in the General Fund was \$23,440,262, an increase of \$168,941, while total fund balance increased by \$661,931 (2.2 percent) to \$30,093,599. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance of the County's General Fund represents 24.2 percent of total General Fund expenditures (including transfers out), while total fund balance represents 31.0 percent of the total General Fund expenditures. The County has no formal fund balance policy but has a goal of maintaining an available fund balance of 18 to 25 percent of expenditures.

The other major governmental fund, County Reserve for Capital Projects, had a decrease in fund balance of approximately \$121,000 as a result of funding capital expenditures in the County's capital improvement plan in the amount of \$2,044,000. Much of the transfer out was offset by a transfer into the Reserve fund in the amount of \$1,889,000. This transfer from the General Fund resulted from an unbudgeted payment received from the ABC Board of \$865,000 and a transfer near the end of the year. The County historically transfers surplus funds to the Reserve fund to provide for future capital needs.

Fund balances of the non-major governmental funds decreased by \$445,000. \$368,000 of this was due to a decrease in the Debt Service Fund resulting from the use of fund balance to pay the

normal school debt service. The County was forced to use fund balance due to the State permanently eliminating the funding from the corporate income tax to the Public School Capital Building Fund as well as reducing the amount of lottery money distributed to counties for school construction. Both of these revenue sources were dedicated to service the existing school debt previously issued by the County.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Total amendments to the General Fund increased budgeted revenues by \$3.8 million including the following:

Intergovernmental revenues increased by approximately \$2.6 million from the original budget and consisted of the following items.

- The ABC Board presented a check to the County in the amount of \$865,000 during the year which was not budgeted. This represented their excess working capital which is required by statute to be paid to the County.
- Department of social services (DSS) received additional energy assistance grants from the State after the original budget was adopted totaling \$360,000 and an increase in subsidized daycare assistance of \$237,000. Additionally DSS received increases of \$114,000 in their revenue for administering various Federal and State programs.
- CARTS accounted for \$176,000 increase in the budget due to additional funds becoming available for Craven General Transportation and additional capital funds.
- During the year a grant of \$125,000 was received from the North Carolina Department of Commerce for the purpose of protecting the MCAS Cherry Point base from reductions in funding and employment.
- Finally Hurricane Irene cleanup was completed with the addition of \$300,000 to the budgeted revenue for debris management, \$132,000 grant from FEMA to deal with repetitive flood claims on properties in the County, and a grant in the amount of \$109,000 to deal with debris removal from Swift Creek. In all of these instances expenditures were increased by the same amount.

The budget for charges for service was increased by \$746,000 during the year due to the following:

- The budget for fees collected by the Register of Deeds for excise taxes was increased by \$80,000 during the year.
- The budget for housing inmates of the State was increased by \$130,000 during the fiscal year as the demand for available jail space was greater than anticipated. The increased use of the electronic monitoring program in the County freed up additional bed space in the jail which was available to be used for State inmates.
- Collections for rescue service were higher than originally budgeted and a budget amendment for \$150,000 was required to allow for the payment of these funds to the volunteer rescue squads with whom the County contracts to provide ambulance service.
- Health Department fees were increased by \$212,000 during the year to reflect increased demand for services and fees collected by CARTS for services provided were also increased by \$123,000. All of these increases in budgeted revenues were offset by increased expenditures.

Amendments to the budget of approximately \$1,658,000 were made during the year by appropriating fund balance of the General Fund and included:

- \$1 million was transferred to the County's capital reserve fund for future capital needs;
- \$135,000 was appropriated to carry over the unused Special Adoption funds DSS received in prior years
- \$123,000 was appropriated for the schools due to increases in their retirement and insurance costs which became known after the State passed their budget;
- \$94,000 appropriated for improvements at the convention center to complete the floor repair project;
- \$73,000 was appropriated for Health Department software purchase
- \$42,000 was required for additional staff at DSS to implement the new computer system mandated by the State;
- \$40,000 to cover additional legal fees relating to foreclosures of property for unpaid property taxes;
- \$23,000 was appropriated as a transfer to the capital reserve for half of the dental program profit for the prior year. This reserve is being accumulated to replace the dental trailer when the need arises.

Expenditures in the final budget were increased by approximately \$4.1 million from the original budget. The increases in expenditures were a result of the amendments to revenues previously mentioned.

Net transfer outs were increased in the budget by approximately \$1,400,000 and related to the transfer of \$1,000,000 to the Capital Reserve Fund made for future capital needs as well as the \$865,000 received from the ABC Board which was also transferred to the Capital Reserve Fund during the year.

Proprietary Funds. Craven County's proprietary funds statements (water utility) provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund increased during the fiscal year by \$2.1 million to \$16.6 million. This was a result of operating income remaining at the \$1.4 million level and a reduction in the investment in capital assets, net of related debt in the amount of \$707,000. This reduction was caused by capital assets continuing to depreciate and a new borrowing of \$1.9 million for a planning loan relating to the water treatment plant project discussed in the upcoming debt section.

Capital Asset and Debt Administration

Capital assets. Craven County's capital assets for its governmental and business-type activities as of June 30, 2013, totaled approximately \$84,337,000 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles, and water production and distribution infrastructure.

Major capital asset transactions totaling approximately \$3.5 million during the year included:

- New vehicles for the Sheriff department, Animal Control, Home Health, and CARTS
- Replacement of chiller at the Convention Center
- Repairs to the floor and new carpet in the Convention Center
- Upgrades to the Health Department dental trailer
- Acquisition of new hardware and software by the information technology department and the health department
- Continued expenditures for the design and permitting of the water treatment plant

Craven County's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$9,984,681	\$9,974,192	\$947,355	\$489,678	\$10,932,036	\$10,463,870
Buildings	67,236,147	67,064,159	563,318	563,318	67,799,465	67,627,477
Improvements	11,146,457	9,918,254	29,708,174	29,708,172	40,854,631	39,626,426
Machinery and equipment	4,497,526	4,371,596	196,401	196,402	4,693,927	4,567,998
Vehicles	5,488,604	5,449,392	186,966	182,696	5,675,570	5,632,088
Construction in progress	595,990	568,645	2,324,342	801,865	2,920,332	1,370,510
Total	98,949,405	97,346,238	33,926,556	31,942,131	132,875,961	129,288,369
Less accumulated depreciation	34,522,296	31,249,006	14,016,776	13,144,794	48,539,072	44,393,800
Total net of depreciation	\$64,427,109	\$66,097,232	\$19,909,780	\$18,797,337	\$84,336,889	\$84,894,569

Additional information on the County's capital assets can be found in Note 3 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2013, Craven County had total bonded general obligation debt outstanding with a principal amount of \$23,810,000. Of this amount, \$23,640,000 is debt backed by the full faith and credit of the County. Included in this amount is \$125,000 of general obligation debt issued by the County on behalf of the Coastal Carolina Regional Airport Authority, a discretely presented component unit of the County, and shown as debt belonging to the Airport Authority on their financial statements. (This debt is not shown in the table below). Of the total bonded general obligation debt, \$45,000 is debt backed by the full faith and credit of Neuse River Water and Sewer Districts, a blended component unit of the County.

Craven County's Outstanding Debt

	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
G. O. bonds	\$23,640,000	\$26,300,000	\$45,000	\$95,000	\$23,685,000	\$26,395,000
Installment debt	50,487,250	48,883,550	2,820,859	1,041,485	53,308,109	49,925,035
Capital lease	41,651	62,415			41,652	62,415
Total long debt	\$74,168,901	\$75,245,965	\$2,865,859	\$1,136,485	\$77,034,761	\$76,382,450

Craven County's total bonded and installment debt increased by \$652,310 (.85 percent) during the past fiscal year. This increase was the result of two items: first, the callable certificates of the 2007 COP's were advance refunded during fiscal 2013. This resulted in the defeasance of \$28,225,000 of debt coming off the County's balance sheet and the addition of \$33,950,000 of limited obligation refunding bonds. The refunding was placed with SunTrust Bank as a private placement at an interest rate of 2.07 percent and resulted in net present value savings of \$1.9 million or 6.80% of the refunded bonds. The other item contributing to the increase in total debt was new debt for the water treatment plant project. A planning loan was obtained from the Department of Natural Resources through the Drinking Water Revolving Loan Fund in the amount

of \$3,014,500 at a zero percent interest rate to provide funding for the planning, design and permitting of the treatment plant. A permanent loan will be obtained prior to beginning construction in 2014. Regular scheduled payments on debt made during the fiscal year offset most of the new debt and resulted in bringing down the net addition to \$652,310. .

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The balance remaining of the legal debt margin for Craven County is \$705,734,008.

Additional information regarding Craven County's long-term debt can be found in Note 4 of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect current economic conditions of the County:

- The County's average unemployment rate for calendar year 2012 was 9.7 percent, down significantly from the 11 percent amount for the previous calendar year. The comparable rate for the entire State for 2012 was 9.5 percent. The County's rate decreased to 9.2% at the end of August 2013.
- Per capita income for the years 2001-2011 for Craven County show an average annual growth rate of 3.2 percent, while the average annual growth rate for the State, during the same period, was 2.4 percent and 2.8 percent for the nation. The County's per capita income increased 1.6 percent in calendar 2011 (the latest year information is available) while the State increased by 2.5 percent and the nation increased by 2.9 percent. The County's per capita income level is 102 percent of the state average and 88 percent of the national average.
- Total personal income for Craven County in 2012 was \$3.8 billion, ranking 24th in the State and accounting for 1.1 percent of the State total. The change for 2012 was an increase of 4.5 percent over 2011. The ten year compounded annual growth rate for the County for 2001-2011 was 4.4 percent, 4.1 percent for the State and 3.8 percent for the nation.
- The number of building inspections performed by the County Inspections Department in fiscal 2013 was down ten percent from fiscal 2012 and only 66 percent of 2007, the peak of the housing boom. Housing market conditions continue to be adversely affected by the lack of credit and uncertainty with the economy although not to the extent that many areas of the country, or even the state, have experienced. Housing prices have fallen as demand continues to be weak.
- Actual 2013 property values were .7 percent above the estimate used for ad valorem taxes in the 2013 budget of \$9.67 billion.

Budget Highlights for the Fiscal Year Ending June 30, 2014

Governmental Activities: The County has approved a \$97.8 million General Fund budget for fiscal year 2014. This is up \$3.8 million from the budget originally adopted for fiscal 2013 but is \$2.4 million less than the final budget for 2013. Estimates of property values for fiscal 2014 are \$9.85 billion, a slight increase over the 2013 actual valuation of \$9.74 billion. The reasons for this small increase are the expected continuing decline in motor vehicle values which have steadily declined for four years and the continued slow-down of new construction. The 2014 budget was

adopted with a tax rate of \$.4675 per \$100 of property valuation, a quarter of a cent reduction from the rate of \$.4700 per \$100 for 2013. No fund balance was appropriated to balance the budget.

Property tax revenues in the 2014 budget include a one-time windfall due to the change in the collection method of motor vehicle property tax. The collection of the tax will now be done at the time of vehicle registration with Department of Motor Vehicles (DMV) rather than four months later, as it is now. This will result in the County receiving sixteen months of taxes rather than twelve. The amount of the additional four months is estimated at \$1.2 million and because it is a one-time occurrence the County chose to budget it as a transfer to the Debt Service Fund, rather than to use it as part of the 2014 operating budget. The transfer will help offset the shortage in the Debt Service Fund caused by the State eliminating the funding from the Public School Capital Building Fund, known as ADM funds and reducing the lottery funding to counties.

The County will begin billing and collecting property taxes for the City of New Bern and the Town of Trent Woods in fiscal 2014. The County now bills and collects property taxes for all municipalities located in the County.

The budget for fiscal 2014 included two new full time positions. An additional appraiser was added in the Tax Department due to the shortening of the revaluation process from eight years to six years. The last revaluation was January 1, 2010 and the next will be in 2016 rather than the previously scheduled 2018. The second position added was an accounting tech at the health department to assist with coding claims submitted for reimbursement to Medicaid and private insurance. Ten positions were abolished in the budget, most of which were social services positions and were eliminated due to funding cuts by the Federal government. The County provided a one percent salary increase for all full time employees.

Health and dental insurance premiums were increased by 5 percent across the board for the employee and the employer portion. The County pays 100 percent of the employee premium and the employee pays 100 percent of any elective dependent coverage. This increase resulted in a net cost to the County of \$118,000. Additionally, the required contribution to the Local Government Employees Retirement plan was increased from 6.74 percent to 7.07 percent of wages for fiscal 2014. This increase added \$84,000 of expense to the County budget. In order to pay back the billion plus dollar unemployment loan to the Federal government the State is requiring all local governments to set up a reserve pool of one percent of taxable wages (wages up to \$20,900) per employee during fiscal 2014. This will cost the County approximately \$94,000. Prior to this the County paid on an actual claim basis at the end of the year.

Capital outlay has been restricted to items which are considered to be absolutely necessary. Major capital acquisitions in the budget include:

- IT – SAN storage upgrade \$75,000
- Appraisal – Pictometry software \$100,000
- Sheriff vehicles \$332,000
- Upgrade of fire pump in former sheriff office \$105,000
- Upgrade fire detection system in courthouse \$111,000

Funding for the public libraries increased slightly in the budget and \$50,000 of additional capital outlay was appropriated to replace a chiller. Public schools funding increased by approximately \$650,000, most of which will fund an additional \$100 supplement per teacher, bringing the total local supplement to \$2200 per eligible teacher. Funding for the Craven Community College was increased by \$125,000 to provide for additional capital needs.

In order to balance their own budget, the State, again in 2014, negatively impacted counties budgets. Once again county revenue sources with the most significant cuts were the ADM funds (used for school debt service) and the lottery funding, also used for school debt service. The County had to begin supplementing the historic revenue sources (dedicated sales tax, ADM, and

lottery funds) in 2013 to offset the cuts from the State. The County transferred \$880,000 to the Debt Service Fund in fiscal 2013 and budgeted a transfer of \$441,000 for fiscal 2014. When this debt was incurred it was projected that the historic revenue sources would prevent the County from having to use general County revenues to meet debt service requirements. This would have been the case in both fiscal years had the State not taken the County funds.

Business-type Activities: There was no change in water rates in the fiscal 2014 budget. As previously mentioned, a rate increase was implemented October 1, 2011 which was designed to provide funds needed for the new water treatment plant project debt service and operating costs. Even with the rate increase the average County customer pays considerably less than customers of surrounding systems. Work will continue on the alternate water supply project in fiscal 2014. Now that the land required for the project has been acquired, the engineer will finish the final design and obtain necessary permits for the project. The County expects to put the project out for bid in early calendar 2014.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Craven County, 406 Craven Street, New Bern, North Carolina, 28560. You may also call 252-636-6603 or visit our website www.cravencountync.gov.

BASIC FINANCIAL STATEMENTS

CRAVEN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION

June 30, 2013

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Tourism Development Authority	Coastal Carolina Regional Airport Authority	CarolinaEast Health System	Craven County ABC Board
ASSETS							
Cash and cash equivalents	\$ 38,461,080	\$ 14,407,923	\$ 52,869,003	\$ 284,381	\$ 2,419,115	\$ 15,480,515	\$ 1,786,341
Short-term investments	2,121,937	1,990,803	4,112,740	-	-	52,010,978	80,000
Accounts receivables (net)	2,638,694	793,258	3,431,952	-	316,606	45,092,566	-
Taxes receivables (net)	5,176,516	-	5,176,516	-	-	-	-
Accrued interest receivable	688,221	-	688,221	-	-	-	-
Due from other government	-	45,000	45,000	-	-	-	-
Inventories	-	-	-	-	-	6,714,857	780,731
Prepaid items	5,000	-	5,000	-	-	4,977,393	23,649
Long-term cash and investments	-	-	-	-	-	187,020,925	-
Other assets	-	-	-	-	-	268,285	-
Capital assets:							
Land and construction in progress	10,580,671	3,271,697	13,852,368	-	16,572,713	11,962,537	189,501
Other capital assets, net of depreciation/amortization	53,846,438	16,638,083	70,484,521	-	12,569,533	106,427,973	965,446
Total capital assets	64,427,109	19,909,780	84,336,889	-	29,142,246	118,390,510	1,154,947
Total assets	113,518,557	37,146,764	150,665,321	284,381	31,877,967	429,956,029	3,825,668
DEFERRED OUTFLOWS OF RESOURCES	6,387,811	-	6,387,811	-	-	-	-
LIABILITIES							
Accounts payable	2,053,839	189,970	2,243,809	-	159,886	36,178,699	1,020,098
Accrued salaries and benefits	-	18,370	18,370	-	55,510	15,629,052	19,205
Accrued interest payable	232,517	4,262	236,779	-	4,134	103,816	-
Customer deposits	-	302,554	302,554	-	-	-	-
Long-term liabilities:							
Due within one year	8,305,428	122,869	8,428,297	-	-	762,768	-
Due in more than one year	72,643,436	2,827,963	75,471,399	-	532,329	782,322	-
Total liabilities	83,235,220	3,465,988	86,701,208	-	751,859	53,456,657	1,039,303
DEFERRED INFLOWS OF RESOURCES	213,485	-	213,485	-	-	-	-
NET POSITION							
Net investment in capital assets	38,519,516	17,043,921	55,563,437	-	28,635,815	116,845,420	1,154,947
Restricted for:							
Stabilization by State statute	6,699,315	-	6,699,315	-	-	-	-
Education	377,273	-	377,273	-	-	-	-
Register of deeds	30,700	-	30,700	-	-	-	-
Public safety	2,162,675	-	2,162,675	-	-	-	-
Economic and physical development	46,975	-	46,975	-	-	-	-
Other purposes	-	-	-	-	-	-	247,348
Unrestricted (deficit)	(11,378,791)	16,636,855	5,258,064	284,381	2,490,293	259,653,952	1,384,070
Total net position	\$ 36,457,663	\$ 33,680,776	\$ 70,138,439	\$ 284,381	\$ 31,126,108	\$ 376,499,372	\$ 2,786,365

The notes to the financial statements are an integral part of this statement.

CRAVEN COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2013

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets						
					Primary Government			Component Units			
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Tourism Development Authority	Craven County Regional Airport Authority	CarolinaEast Health System	Craven County ABC Board
Activities	Expenses	Charges for Services	Contributions	Contributions	Activities	Activities	Total	Authority	Authority	System	Board
Primary government:											
Governmental:											
General government	\$ 6,245,251	\$ 2,056,024	\$ 2,051,064	\$ -	\$ (2,138,163)	\$ -	\$ (2,138,163)				
Public safety	21,178,464	2,728,253	824,904	-	(17,625,307)	-	(17,625,307)				
Social Services	22,566,592	920,099	14,979,911	134,820	(6,531,762)	-	(6,531,762)				
Economic and physical development	2,818,906	1,211,200	34,034	452,809	(1,120,863)	-	(1,120,863)				
Environmental protection	4,949,064	2,470,808	143,267	-	(2,334,989)	-	(2,334,989)				
Health	8,883,418	5,252,724	1,704,070	-	(1,926,624)	-	(1,926,624)				
Cultural and recreation	2,334,287	80,782	37,500	47,731	(2,168,274)	-	(2,168,274)				
Education	23,743,790	-	-	1,010,010	(22,733,780)	-	(22,733,780)				
Interest on long-term debt	2,739,303	-	-	-	(2,739,303)	-	(2,739,303)				
Total governmental activities	95,459,075	14,719,890	19,774,750	1,645,370	(59,319,065)	-	(59,319,065)				
Business-type:											
Water	2,428,976	3,733,491	-	-	-	1,304,515	1,304,515				
Total business-type activities	2,428,976	3,733,491	-	-	-	1,304,515	1,304,515				
Total primary government	\$ 97,888,051	\$ 18,453,381	\$ 19,774,750	\$ 1,645,370	(59,319,065)	1,304,515	(58,014,550)				
Component units:											
Tourism Development Authority	\$ 468,923	\$ 450,470	\$ -	\$ -				\$ (18,453)	\$ -	\$ -	\$ -
Airport Authority	2,257,832	2,194,630	-	5,425,721				-	5,362,519	-	-
Health System	280,329,167	284,167,754	-	-				-	-	3,838,587	-
ABC Board	6,480,065	6,431,073	-	-				-	-	-	(48,992)
Total component units	\$ 289,535,987	\$ 293,243,927	\$ -	\$ 5,425,721				(18,453)	5,362,519	3,838,587	(48,992)
General revenues:											
Taxes:											
Property taxes, levied for general purposes					47,503,351	-	47,503,351	-	-	-	-
Local option sales tax					13,594,555	-	13,594,555	-	-	-	-
Other taxes					827,554	-	827,554	-	-	-	-
Investment earnings, unrestricted					228,358	70,659	299,017	835	10,278	24,638,968	2,121
Miscellaneous, unrestricted					1,519,890	110,942	1,630,832	8,655	-	2,951,314	1,496
Transfers					102,620	(102,620)	-	-	-	-	-
Total general revenues and transfers					63,776,328	78,981	63,855,309	9,490	10,278	27,590,282	3,617
Change in net position					4,457,263	1,383,496	5,840,759	(8,963)	5,372,797	31,428,869	(45,375)
Net position, beginning, previously reported					32,967,352	32,297,280	65,264,632	293,344	25,753,311	345,070,503	2,831,740
Restatement for accounting change (Note 19)					(966,952)	-	(966,952)	-	-	-	-
Net position, beginning, restated					32,000,400	32,297,280	64,297,680	293,344	25,753,311	345,070,503	2,831,740
Net position, ending					\$ 36,457,663	\$ 33,680,776	\$ 70,138,439	\$ 284,381	\$ 31,126,108	\$ 376,499,372	\$ 2,786,365

The notes to the financial statements are an integral part of this statement.

CRAVEN COUNTY, NORTH CAROLINA**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013**

	General	County Reserve Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 25,289,046	\$ 6,596,194	\$ 2,092,339	\$ 33,977,579
Short-term investments	2,121,937	-	-	2,121,937
Taxes receivable	5,130,772	-	45,744	5,176,516
Accounts receivable	2,444,674	-	194,020	2,638,694
Due from other funds	481,669	1,000,000	858,942	2,340,611
Total assets	<u>\$ 35,468,098</u>	<u>\$ 7,596,194</u>	<u>\$ 3,191,045</u>	<u>\$ 46,255,337</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 833,342	\$ -	\$ 19,918	\$ 853,260
Accrued salaries and benefits	916,928	-	-	916,928
Due to other funds	1,858,942	-	481,669	2,340,611
Total liabilities	<u>3,609,212</u>	<u>-</u>	<u>501,587</u>	<u>4,110,799</u>
Deferred inflows of resources	1,765,287	-	45,747	1,811,034
Fund balances:				
Restricted				
Stabilization by state statute	6,505,313	-	194,002	6,699,315
Public safety	117,324	-	2,045,351	2,162,675
Economic and physical development	-	-	46,975	46,975
Register of deeds	30,700	-	-	30,700
Education, schools	-	-	377,273	377,273
Committed:				
Capital projects	-	7,596,194	-	7,596,194
Unassigned	23,440,262	-	(19,890)	23,420,372
Total fund balances	<u>30,093,599</u>	<u>7,596,194</u>	<u>2,643,711</u>	<u>40,333,504</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 35,468,098</u>	<u>\$ 7,596,194</u>	<u>\$ 3,191,045</u>	<u>\$ 46,255,337</u>

The notes to the financial statements are an integral part of this statement.

CRAVEN COUNTY, NORTH CAROLINA

**Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2013**

Amounts reported for the governmental activities in the statement of net position are different because:

Fund Balance, governmental funds	\$ 40,333,504
Charges related to advance refunding debt issue	6,387,811
Capital assets used in governmental activities that are not financial resources and therefore are not reported in the funds.	64,427,109
Other long term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	688,221
Internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included governmental activities in the statement of net assets.	4,204,850
Deferred inflows of resources for tax and fee receivables.	1,597,549
See liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds.	<u>(81,181,381)</u>
Net position of governmental activities	<u><u>\$ 36,457,663</u></u>

The notes to the financial statements are an integral part of this statement.

CRAVEN COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2013

	General	County Reserve Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 45,642,570	\$ -	\$ 1,824,155	\$ 47,466,725
Sales	13,055,998	-	538,557	13,594,555
Tourism Room	-	-	827,554	827,554
Intergovernmental	20,022,161	-	1,673,794	21,695,955
Charges for services	15,072,071	-	-	15,072,071
Interest	169,277	35,045	5,152	209,474
Miscellaneous	1,524,801	-	-	1,524,801
Total revenues	95,486,878	35,045	4,869,212	100,391,135
EXPENDITURES				
Current:				
General government	9,423,766	-	-	9,423,766
Public safety	13,680,188	-	3,000,329	16,680,517
Environmental protection	4,908,080	-	-	4,908,080
Economic and physical development	2,647,496	-	412,017	3,059,513
Health	8,605,502	-	-	8,605,502
Social services	22,457,994	-	-	22,457,994
Culture and recreation	2,180,338	-	17,538	2,197,876
Education	23,170,510	-	573,280	23,743,790
Debt service:				
Principal	2,543,964	-	4,258,100	6,802,064
Interest	1,052,324	-	1,525,429	2,577,753
Total expenditures	90,670,162	-	9,786,693	100,456,855
Excess of revenues over (under) expenditures	4,816,716	35,045	(4,917,481)	(65,720)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	33,950,000	-	-	33,950,000
Debt service - payments to escrow	(33,890,117)	-	-	(33,890,117)
Transfers in	2,109,550	1,888,520	5,280,781	9,278,851
Transfers out	(6,324,218)	(2,044,072)	(807,941)	(9,176,231)
Total other financing sources (uses)	(4,154,785)	(155,552)	4,472,840	162,503
Net change in fund balances	661,931	(120,507)	(444,641)	96,783
FUND BALANCES:				
Beginning	29,431,668	7,716,701	3,088,352	40,236,721
Ending	\$ 30,093,599	\$ 7,596,194	\$ 2,643,711	\$ 40,333,504

The notes to the financial statements are an integral part of this statement.

CRAVEN COUNTY, NORTH CAROLINA

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2013**

Amounts reported for the governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	96,783
--	----	--------

Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(1,665,212)
--	-------------

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, retirements, and donations) is to increase net assets.	(4,911)
---	---------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	40,187
--	--------

The issuance of long-term debt provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	5,816,796
---	-----------

Internal service fund is used by management to charge the costs of risk management to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.	<u>173,620</u>
--	----------------

Change in net position of governmental activities (page 29)	<u>\$ 4,457,263</u>
---	---------------------

The notes to the financial statements are an integral part of this statement.

**CRAVEN COUNTY, NORTH CAROLINA
GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND

BALANCE, BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2013

(Page 1 of 3)

(Page 1 of 3)

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes:				
Property	\$ 45,136,661	\$ 45,174,841	\$ 45,642,570	\$ 467,729
Sales	13,475,884	13,700,884	13,055,998	(644,886)
Intergovernmental	18,294,501	20,910,984	20,022,161	(888,823)
Charges for services	13,744,257	14,489,752	15,072,071	582,319
Interest	186,000	186,000	169,277	(16,723)
Miscellaneous	1,347,817	1,552,407	1,524,801	(27,606)
Total revenues	92,185,120	96,014,868	95,486,878	(527,990)
EXPENDITURES				
General government:				
Commissioners	525,214	577,455	576,853	602
Administration	592,310	497,456	468,510	28,946
Human resources	368,734	365,095	361,024	4,071
Information technology	1,006,037	1,016,557	998,617	17,940
Finance	855,501	862,514	833,421	29,093
Elections	455,696	456,982	400,084	56,898
Tax assessor	897,268	892,699	834,397	58,302
Tax collections	559,704	613,780	605,272	8,508
Register of deeds	609,977	690,436	668,783	21,653
Public buildings	435,683	1,036,176	1,019,610	16,566
Housekeeping	252,296	254,011	250,653	3,358
Court facilities	329,707	338,952	293,121	45,831
GIS/Mapping	312,080	316,107	315,608	499
Maintenance	614,428	618,869	617,203	1,666
Non-departmental	1,022,982	1,274,128	1,180,610	93,518
Total general government	8,837,617	9,811,217	9,423,766	387,451
Public safety:				
Animal control	387,544	391,501	383,706	7,795
Medical examiner	69,000	69,000	59,700	9,300
Sheriff	5,471,188	5,633,560	5,602,698	30,862
Jail	3,734,022	3,851,819	3,845,574	6,245
Fire marshal/ Emergency management	891,027	897,880	863,922	33,958
Inspections	502,457	505,885	499,111	6,774
Other - Professional Services	10,000	10,000	10,000	-
Volunteer rescue squads	2,261,520	2,432,244	2,415,477	16,767
Total public safety	13,326,758	13,791,889	13,680,188	111,701

Continued

**CRAVEN COUNTY, NORTH CAROLINA
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE, BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2013

(Page 2 of 3)

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Environmental protection:				
Solid waste	\$ 3,565,781	\$ 3,569,219	\$ 3,387,738	\$ 181,481
Environmental health	1,141,887	1,284,317	1,105,605	178,712
Soil conservation	130,496	136,816	130,910	5,906
Cooperative extension	290,807	296,555	283,827	12,728
Total environmental protection	5,128,971	5,286,907	4,908,080	378,827
Economic and physical development:				
Planning	603,880	785,783	746,301	39,482
Economic Development Commission	85,072	199,005	165,523	33,482
Convention Center	1,565,672	1,726,198	1,610,672	115,526
Other-Legal	-	125,000	125,000	-
Total economic and physical development	2,254,624	2,835,986	2,647,496	188,490
Health:				
Dental	363,946	421,545	335,082	86,463
Maternity	1,262,797	1,295,017	1,236,627	58,390
Child health	1,245,403	1,386,707	1,273,746	112,961
Risk Reduction	180,173	203,464	199,389	4,075
WIC	670,310	670,310	621,308	49,002
Adult Health Services	240,873	267,864	246,954	20,910
Communicable Disease	148,366	169,733	154,806	14,927
Bio-Terrorism	38,743	38,776	38,726	50
Family planning	793,085	804,460	750,579	53,881
Home health	2,158,741	2,269,741	2,045,029	224,712
Mental health	276,827	278,027	277,100	927
Other - unclassified	1,382,141	1,461,622	1,426,156	35,466
Total health	8,761,405	9,267,266	8,605,502	661,764
Social services:				
Transportation	1,504,956	1,884,859	1,647,264	237,595
Administration	2,357,940	2,466,069	2,336,366	129,703
Employment assistance	3,406,005	3,387,129	3,234,715	152,414
Adult/child services	1,229,853	1,309,693	1,267,988	41,705
Veterans services	144,424	145,008	141,347	3,661
Senior services	553,293	573,876	546,513	27,363
Public assistance payments	6,175,387	6,855,520	6,685,665	169,855
TANF	5,731,024	5,792,140	5,438,703	353,437
Child support enforcement	1,287,407	1,287,407	1,159,433	127,974
Total social services	22,390,289	23,701,701	22,457,994	1,243,707

Continued

**CRAVEN COUNTY, NORTH CAROLINA
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE, BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013
(Page 3 of 3)**

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Culture and recreation				
Recreation	\$ 829,213	\$ 843,533	\$ 810,239	\$ 33,294
Libraries	1,267,977	1,267,977	1,267,128	849
Special appropriation	140,096	120,096	102,971	17,125
Total culture and recreation	2,237,286	2,231,606	2,180,338	51,268
Education, schools				
Public schools - current expenditures	18,543,002	18,665,584	18,658,502	7,082
Public schools - fines and forfeitures	43,000	73,000	56,878	16,122
Public schools - capital outlay	700,000	700,000	700,000	-
Community college	3,755,130	3,755,130	3,755,130	-
Total education	23,041,132	23,193,714	23,170,510	23,204
Debt service:				
Principal	2,273,200	2,545,201	2,543,964	1,237
Interest	1,383,608	1,111,607	1,052,324	59,283
Total debt service	3,656,808	3,656,808	3,596,288	60,520
Total expenditures	89,634,890	93,777,094	90,670,162	3,106,932
Excess of revenues over expenditures	2,550,230	2,237,774	4,816,716	2,578,942
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	33,950,000	33,950,000	-
Debt service - payments to escrow	-	(33,890,116)	(33,890,117)	(1)
Transfers in	1,388,259	2,116,925	2,109,550	(7,375)
Transfers out	(4,356,892)	(6,490,787)	(6,324,218)	166,569
Total other financing sources (uses)	(2,968,633)	(4,313,978)	(4,154,785)	159,193
Excess of revenues over (under) expenditures and other financing sources (uses)	(418,403)	(2,076,204)	661,931	2,738,135
Appropriated fund balance	418,403	2,076,204	-	(2,076,204)
Net change in fund balance	\$ -	\$ -	661,931	\$ 661,931

FUND BALANCE

Beginning	29,431,668
Ending	\$ 30,093,599

The notes to the financial statements are an integral part of this statement.

Craven County, North Carolina

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water Fund	Northwest Craven Water and Sewer District	Aggregate Nonmajor Fund	Eliminations	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 14,407,923	\$ -	\$ -	\$ -	\$ 14,407,923	\$ 4,483,501
Short-term investments	1,990,803	-	-	-	1,990,803	-
Accounts receivable, net of allowance for doubtful accounts	793,258	-	-	-	793,258	-
Prepaid expenses	-	-	-	-	-	5,000
Capital lease receivable-current	-	84,376	-	(84,376)	-	-
Due from other government-current	-	-	20,000	-	20,000	-
Total current assets	17,191,984	84,376	20,000	(84,376)	17,211,984	4,488,501
Noncurrent Assets:						
Due from other government-noncurrent	-	-	25,000	-	25,000	-
Capital lease receivable-noncurrent	-	881,258	-	(881,258)	-	-
Capital assets:						
Land	947,354	-	-	-	947,354	-
Improvements other than buildings	29,708,172	-	-	-	29,708,172	-
Buildings	563,318	-	-	-	563,318	-
Machinery and equipment	383,371	-	-	-	383,371	-
Construction in progress	2,324,343	-	-	-	2,324,343	-
Less accumulated depreciation	(14,016,778)	-	-	-	(14,016,778)	-
Total capital assets (net of accumulated depreciation)	19,909,780	-	-	-	19,909,780	-
Total noncurrent assets	19,909,780	881,258	25,000	(881,258)	19,934,780	-
Total assets	37,101,764	965,634	45,000	(965,634)	37,146,764	4,488,501
LIABILITIES						
Current liabilities:						
Accounts payable	189,970	-	-	-	189,970	283,652
Accrued salaries and benefits	18,370	-	-	-	18,370	-
Accrued interest payable	-	4,262	-	-	4,262	-
Customer deposits payable	302,554	-	-	-	302,554	-
Compensated absences liability - current	22,755	-	-	-	22,755	-
Installment notes payable-current	-	80,114	-	-	80,114	-
General obligation bonds payable-current	-	-	20,000	-	20,000	-
Obligations under capital lease-current	80,114	-	-	(80,114)	-	-
Total current liabilities	613,763	84,376	20,000	(80,114)	638,025	283,652
Noncurrent liabilities:						
Compensated absences liability	24,146	-	-	-	24,146	-
Other postemployment benefit liability	38,072	-	-	-	38,072	-
Installment notes payable	1,859,487	881,258	-	-	2,740,745	-
General obligation bonds payable	-	-	25,000	-	25,000	-
Obligations under capital lease	885,520	-	-	(885,520)	-	-
Total noncurrent liabilities	2,807,225	881,258	25,000	(885,520)	2,827,963	-
Total liabilities	3,420,988	965,634	45,000	(965,634)	3,465,988	283,652
NET POSITION						
Net investment in capital assets	18,050,293	(961,372)	(45,000)	-	17,043,921	-
Unrestricted	15,630,483	961,372	45,000	-	16,636,855	4,204,849
Total net position	\$ 33,680,776	\$ -	\$ -	\$ -	\$ 33,680,776	\$ 4,204,849

The notes to the financial statements are an integral part of this statement.

CRAVEN COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2013**

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Water Fund	Northwest Craven Water and Sewer District	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	\$ 3,733,491	\$ -	\$ 3,733,491	\$ 4,294,339
Miscellaneous	110,942	-	110,942	22,948
Total operating revenues	3,844,433	-	3,844,433	4,317,287
OPERATING EXPENSES				
Cost of services	1,500,853	-	1,500,853	4,162,551
Depreciation and amortization	900,773	-	900,773	-
Total operating expenses	2,401,626	-	2,401,626	4,162,551
Operating income	1,442,807	-	1,442,807	154,736
NONOPERATING REVENUES (EXPENSES)				
Interest income	70,659	-	70,659	18,884
Interest expense	-	(27,350)	(27,350)	-
Total net nonoperating revenues (expenses)	70,659	(27,350)	43,309	18,884
Income (loss) before transfers	1,513,466	(27,350)	1,486,116	173,620
Transfers in	20,380	27,350	47,730	-
Transfers out	(150,350)	-	(150,350)	-
Total transfers in (out)	(129,970)	27,350	(102,620)	-
Change in net position	1,383,496	-	1,383,496	173,620
Net position, beginning	32,297,280	-	32,297,280	4,031,229
Net position, ending	\$ 33,680,776	\$ -	\$ 33,680,776	\$ 4,204,849

The notes to the financial statements are an integral part of this statement.

Craven County, North Carolina

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2013**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Fund	Northwest Craven Water and Sewer District	Aggregate Nonmajor Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 3,840,974	\$ -	\$ -	\$ 3,840,974	\$ 4,320,160
Payments to customers and suppliers	(725,790)	-	-	(725,790)	(4,167,461)
Payments to employees	(659,672)	-	-	(659,672)	-
Net cash provided by operating activities	2,455,512	-	-	2,455,512	152,699
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition & construction of capital assets	(2,013,216)	-	-	(2,013,216)	-
Repayment of installment notes and bonds		(80,114)	-	(80,114)	-
Proceeds from issuance of notes payable	1,859,487	-	-	1,859,487	-
Payments on obligations under capital lease payable	(80,468)	-	-	(80,468)	-
Proceeds from investments	9,197	-	-	9,197	-
Proceeds from investment in direct finance leasing	-	80,114	-	80,114	-
Interest paid	(27,350)	(27,349)	-	(54,699)	-
Net cash provided by (used in) capital and related financing activities	(252,350)	(27,349)	-	(279,699)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Due to (from) other funds		-	-	-	-
Transfers in (out)	1,756,867	27,349	-	1,784,216	-
Net cash provided by (used in) noncapital financing activities	1,756,867	27,349	-	1,784,216	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on cash and investments	70,659	-	-	70,659	18,884
Net cash provided by investing activities	70,659	-	-	70,659	18,884
Net increase in cash and cash equivalents	4,030,688	-	-	4,030,688	171,583
CASH AND CASH EQUIVALENTS					
Beginning	12,236,722	-	-	12,236,722	4,311,918
Ending	\$ 16,267,410	\$ -	\$ -	\$ 16,267,410	\$ 4,483,501
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 1,442,807	\$ -	\$ -	\$ 1,442,807	\$ 154,736
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	900,773	-	-	900,773	-
Change in assets and liabilities:					
Accounts receivable	5,289	-	-	5,289	2,963
Prepaid items	-	-	-	-	(5,000)
Accounts payable and accrued expenses	115,391	-	-	115,391	-
Customer deposits payable	(8,748)	-	-	(8,748)	-
Net cash provided by operating activities	\$ 2,455,512	\$ -	\$ -	\$ 2,455,512	\$ 152,699
SUPPLEMENTAL SCHEDULE OF FINANCING ACTIVITIES					
Repayment of installment notes and bonds by other governments	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ -

CRAVEN COUNTY, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013**

	All Agency Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 95,945
Total assets	<u>\$ 95,945</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 95,945
Total liabilities	<u>\$ 95,945</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

These notes are intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from or cannot be included in the financial statements themselves. The notes supplement the financial statements, are an integral part thereof, and are intended to be read in conjunction with the financial statements.

NOTES TO FINANCIAL STATEMENTS INDEX

		Page
Note 1.	Nature of Operations, Reporting Entity, Significant Accounting Policies and Basis of Accounting	45 - 57
Note 2.	Cash on Deposit and Investments	58 - 62
Note 3.	Capital Assets	63 - 66
Note 4.	Long-Term Obligations.....	67 - 72
Note 5.	Interfund Assets/Liabilities and Transfers	72 - 73
Note 6.	Deferred Compensation Plan.....	73
Note 7.	Joint Ventures	73- 74
Note 8.	Jointly Governed Organizations.....	75
Note 9.	Related Organizations.....	75
Note 10.	Additional Social Welfare Expenditures	76
Note 11.	Risk Management	76 - 79
Note 12.	Retirement Systems.....	80 - 85
Note 13.	Death Benefits.....	85
Note 14.	Other Postemployment Benefits	86 - 90
Note 15.	Contingent Liabilities	90
Note 16.	Commitments	91
Note 17.	Subsequent Events	91
Note 18.	Pronouncements Issued Not Yet Implemented or Fully Implemented	91
Note 19.	Change in Accounting Principles/Restatement.....	92

Craven County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies

Nature of operations:

Craven County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under General Statute 153A-10. The County is located near the coast in eastern North Carolina, with its seat of government in the City of New Bern. The County is responsible for providing a full range of governmental services, including police and fire protection to residents in unincorporated areas of the County, health and social services, recreational programs, ambulance services, recycling operations, and operational and capital funding support for the public school systems.

Reporting entity:

As required by accounting principles generally accepted in the United States of America, these financial statements present the County (primary government) and its component units, legally-separate entities for which the County is financially accountable. The four discretely presented component units presented below are reported in separate columns in the County's government-wide financial statements in order to emphasize that they are legally separate from the County.

Craven County Tourism Development Authority. The Craven County Tourism Development Authority ("Tourism Development Authority") is governed by members appointed by the County Commissioners, the New Bern Board of Aldermen, the Havelock Board of Commissioners, and non-profit agencies. The County is financially accountable for the Tourism Development Authority, as the Tourism Development Authority derives its revenues through a special room occupancy tax authorized and revocable by the County Commissioners. The Tourism Development Authority does not issue separate financial statements.

Coastal Carolina Regional Airport Authority. The Coastal Carolina Regional Airport Authority ("Airport Authority") was established by a joint agreement between the City of New Bern and the County pursuant to state statute. The governing board is selected by the County Commissioners and the County is responsible for financing any operating deficits of the Airport. The County must approve issuance of any revenue bonds. The Airport Authority does not issue separate financial statements.

CarolinaEast Health System. The Craven County Commissioners established the CarolinaEast Health System ("Health System") to provide medical services to County residents. The Commissioners select the Health System's governing board. In addition, Craven County leases land and improvements to The Health System for \$1 per year "in perpetuity", and therefore does not record these assets in the County's financial statements. The Health System's financial statements are presented as of and for the year ended September 30, 2012 as if it were a proprietary fund. Complete financial statements for the Health System may be obtained at 2000 Neuse Boulevard, New Bern, NC 28561.

Craven County Alcoholic Beverage Control Board. The Craven County Alcoholic Beverage Control Board ("ABC Board") is governed by a board appointed by the County Commissioners. The ABC Board is required by State statute to distribute surpluses to the General Fund of the County. The ABC Board's financial statements are presented as of and for the year ended June 30, 2013 as if it were a proprietary fund. Complete financial statements for the ABC Board may be obtained at 3493 Martin Drive, New Bern, NC 28561.

Craven County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Blended component units are separate legal entities whose operations are so intertwined with Craven County that they are, in substance, the same as Craven County. The County's blended component units are the following water and sewer districts, which have been established to provide water and sewer services to the residents of the respective districts:

Neuse River Water and Sewer District
Township 6 Water and Sewer District
Pembroke Water and Sewer District

Northwest Craven Water and Sewer District
Tuscarora Rhems Water and Sewer District
East Craven Water and Sewer District

The County has entered into an agreement with each existing District, which will encompass additional Districts as they are created, that transfers all assets, liabilities (excluding bonded indebtedness, loans, and installment notes), operational rights, and responsibilities to Craven County. In consideration for this agreement, the County has agreed to pay the Districts an amount equal to debt service costs for the respective Districts for the duration of the respective bonds, loans, and notes.

The County maintains the Districts' assets, provides water operations and makes payments on outstanding debts on behalf of the respective Districts. Therefore, the County's financial statements reflect the assets and debts in the Craven County Water Fund. The Board of County Commissioners sits as the Board of each District. No separate financial statements are issued by these Districts as they have no operations, only certain outstanding debt that is paid on their behalf by Craven County pursuant to the agreement noted above. The outstanding liabilities of the Districts are presented in individual statements along with the other proprietary funds, and the balances within the District and the corresponding balances in the Craven County Water fund are eliminated through internal balances.

The agreement terminates with each district at the time there is no outstanding debt. At this point the County has the option to purchase for \$1 all of the real and personal property owned by the districts. There is no outstanding debt for Tuscarora Rhems Water and Sewer District, East Craven Water and Sewer District, Township 6 Water and Sewer District, or Pembroke Water and Sewer District. The County has exercised its option to purchase the real and personal property of Tuscarora Rhems Water and Sewer District and East Craven Water and Sewer District.

Craven County Finance Corporation:

Craven County Finance Corporation (CCFC) is a nonprofit public benefit corporation. The Corporation was organized and shall be operated exclusively for the purpose of providing debt financing for the County, to fulfill various statutory obligations involving, but not limited to, purchase and sale, construction and/or lease of real estate and improvements, facilities, and equipment. County debt and debt payments are made by the County's governmental funds. CCFC is a blended component unit and does not issue separate financial statements.

Summary of significant accounting policies:

The basic financial statements of Craven County, North Carolina (government) have been prepared in conformity with accounting principles generally accepted in the United States as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Notes to Financial Statements

**Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies
(Continued)**

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government net position (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and major enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor governmental and nonmajor enterprise funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for and reports all financial resources not accounted for or reported in another fund.

County Reserve Capital Projects Fund. This capital projects fund is used to reserve funds and provide financial resources for future capital projects.

Craven County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

The government reports the following major enterprise funds:

Water Fund. This is used to account for the operation of water services provided throughout Craven County.

Northwest Craven Water and Sewer District. Established to provide water and sewer services to the residents of this district.

The County reports the following other fund types:

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; and the Department of Motor Vehicle Interest, which accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles and accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis; and the Municipal Property Tax Fund, which account for registered motor vehicle and real property taxes that are billed and collected by the County for various municipalities within the County.

Internal Service Fund. This fund is used to finance and account for the County's health and dental insurance and workers' compensation program information.

Measurement Focus, Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Notes to Financial Statements

**Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies
(Continued)**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when one government provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. State shared revenues, sales tax, property taxes, federal grants funding federal mandates, and most donations are examples of non-exchange transactions.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Craven County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and are offset by deferred inflows of resources. The taxes for renewal vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2013 because they are intended to finance the County's operations during the 2014 fiscal year.

Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied, subject to availability.

Craven County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Budgets and Budgetary Accounting

In accordance with the North Carolina Local Government Budget and Fiscal Control Act, the County follows these procedures in establishing the budgetary data reflected in the financial report:

- 1) The County Manager submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The operational budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted to obtain taxpayer comments.
- 3) The budget is legally enacted through passage of an ordinance by June 30 each year.

The Board of Commissioners may amend the budget ordinance at any time after its adoption as long as the amended ordinance continues to meet the requirements of North Carolina's "Local Government Budget and Fiscal Control Act". No amendment may change the property tax levy unless the Board of Commissioners is so ordered by competent authority. During the year, several supplementary appropriations to the original budget were necessary. Individual amendments to the ordinance were not material in relation to the original appropriations, and all amendments were legally made. The budget amounts shown in the basic financial statements include the original budget as adopted prior to July 1, 2012, and the budget as amended at June 30, 2013.

Under State statute, actual expenditures cannot exceed budgetary appropriations at the level at which the budget ordinance is formally approved. The County's budget ordinance authorizes expenditures by department total (the legal level of control) for all funds, including the enterprise funds. All budgets, including the enterprise funds' budgets, are fixed in nature. For internal management purposes, the budgets are detailed by line item within each department and entered into the accounting records. Comparisons of actual expenditures to budget are made on an ongoing basis. All budgets are prepared using the modified accrual basis of accounting.

The County Manager is authorized to transfer appropriations within a fund up to \$20,000; however, the governing board must approve any revisions that alter total expenditures of any fund or exceed \$20,000. Annual appropriated budgets are adopted for the General Fund, certain Special Revenue Funds (all fire districts funds), the Debt Service Fund, and all Proprietary Funds. The budget for Capital Projects Funds, and certain Special Revenue Funds (CDBG FY2009 Scattered Sites Fund), authorize activity for the life of each individual project. All annual appropriations lapse at fiscal year end, whereas all project appropriations lapse at the end of the project.

Craven County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

The budget, as authorized for the General Fund, includes certain receipts to be received for and disbursed to, or on behalf of, other entities, or individuals, by the County as fiscal agent. For financial reporting purposes, these agency receipts and disbursements are reclassified to a separate agency fund.

The budgets for the enterprise funds are prepared on a modified accrual basis of accounting which excludes depreciation expense and recognizes purchases of capital assets as current expenditures. For financial reporting purposes, the activity of the enterprise funds has been reported using the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America.

Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

Cash and Investments. The County pools cash resources of all funds and invests these funds jointly, including certain funds of the Airport Authority and the Tourism Development Authority, to facilitate disbursement and investment activities and to maximize investment income. Each fund owns a pro rata share of the cash and investments pool. Investment earnings of the pool are allocated to all funds based on the individual fund's average cash balances outstanding during the month.

For the purposes of the County's proprietary fund types statement of cash flows, all highly liquid investments outside of the pool with an original maturity of three months or less when purchased are considered to be cash equivalents. For amounts in the County's cash and investment pool, since cash pools have the general characteristics of demand deposit accounts in that the individual funds may deposit additional cash at any time and withdraw cash at any time without prior notice or penalty, such cash and investments are considered to be cash.

The County and all component units other than the CarolinaEast Health System report money market investments, if any, with a maturity of more than one year at acquisition and non money market investments at fair value as determined by quoted market prices. The North Carolina Capital Management Trust ("NCCMT") cash portfolio's securities are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

The CarolinaEast Health System has investments in debt and marketable equity securities, all of which are reported at their fair value. Debt securities consist of obligations of the U.S. Government as well as corporate bonds and commercial paper. Marketable equity securities consist primarily of common stocks that are traded or listed on national exchanges. Both realized and unrealized gains and losses on all debt and marketable equity securities are included in non-operating income. Interest and dividends on investments in debt and equity securities are included in non-operating income when earned.

Ad Valorem Taxes. In accordance with North Carolina General Statutes [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles at July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January of the preceding fiscal year. The majority of the County's property tax collections occur during December and early January each year. The taxes outstanding at June 30 are therefore delinquent. To the extent that County property tax revenues result in current receivables as defined by the Governmental Accounting Standards Board (GASB), they are recognized when levied.

Craven County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Ad valorem taxes receivable at June 30 are reported in the financial statements net of an allowance for uncollectible accounts of \$700,000 in the General Fund. The allowance approximates, based on past experience, the percentage of the original levy which has normally been uncollectible. Net ad valorem taxes receivable are offset by deferred inflows of resources in the governmental fund statements because they cannot be considered a resource which can be used to finance current operations.

Allowance for Doubtful Accounts. Allowances for doubtful accounts are maintained on all types of receivables which historically experience uncollectible accounts.

Exclusive of ad valorem taxes, the following summarizes other allowances for doubtful accounts by fund and receivable type at June 30, 2013:

	Component Unit CarolinaEast Health System
Patient receivables (at September 30, 2012)	\$ 14,705,087

Interfund Receivables/Payables. During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" in the fund financial statements.

Inventories. Inventories of the Health System and the ABC Board in the government-wide statement of net assets are valued at the lower of cost, on a first-in, first-out (FIFO) basis, or market. The Health System inventory consists of expendable items, including pharmaceuticals and general supplies, held for sale to patients or consumption. The Health System inventories are recorded as expenses when consumed rather than when purchased. The ABC Board inventory consists of alcoholic beverages held for sale.

Prepaid Items. Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items.

Long-term cash and investments. Assets whose use is limited reported by the Health System include assets and accrued interest receivables set aside by the Health System Board for future capital improvements over which the Board retains control and assets held by a trustee under bond indenture agreements.

Capital Assets. Purchased or constructed capital assets are reported at cost or estimated historical cost in the government-wide financial statements and in proprietary funds. Donated capital assets are recorded at their fair value at date of donation. Minimum capitalization cost is \$5,000 for all capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are not recognized in the governmental fund statements. These statements report capital items as expenditures as incurred.

Craven County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

The County and its component units follow the policy of capitalizing interest as a component of the cost of business-type activity capital assets constructed for their own use in accordance with the guidelines of GASB COD.1400.111, and other related components.

When the County leases capital assets to a discretely presented component unit for a nominal amount, the County reports those capital assets and related depreciation in the component unit. Depreciation of all depreciable capital assets is charged as an expense against their operations. Accumulated depreciation is reported in the statement of net assets. Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives of the individual assets:

Buildings	25-50 Years
Improvements other than buildings	10-40 Years
Machinery and equipment and vehicles	5-10 Years

Capital assets of the Airport Authority, the Health System, and the ABC Board are depreciated over the estimated useful lives of the individual assets on a straight-line basis.

Intangible Assets. Intangible capital assets consist of goodwill of the Health System associated with cost in excess of fair value of the net assets of certain entities acquired in purchase transactions. Goodwill is being amortized on a straight-line basis over 5 to 30 years. At each financial statement date, the Health System evaluates goodwill for impairment by comparing expectations of non-discounted future cash flows excluding interest costs with the carrying value of goodwill for each acquisition having a material goodwill balance.

Compensated absences. For the County's government-wide financial statements and in proprietary fund statements, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The County or its component units have made no accrual for sick leave since there is no obligation for accumulated sick leave until it is actually taken, as sick leave does not vest.

Long-term obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statements of net position.

In the governmental fund financial statements, the face amount of long-term debt issued is reported as another financing source and is not considered a fund liability. These statements report debt service payments (including principal) as expenditures.

Craven County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Deferred outflows/inflows of resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of resources that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has one item that meets this criterion in its statement of net position - a charge on refunding that had previously been classified as an asset. In addition to liabilities, the statement of net position and/or balance sheet can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of resources that applies to a future period and so will not be recognized as revenue until then. The County has only two items that meet the criterion for this category - prepaid taxes and prepaid fees, and receivables that do not meet the availability criterion.

The balance in unavailable revenue on the governmental fund balance sheet and unearned revenues on the government-wide statement of net position for governmental activities and on the governmental fund balance sheet at year-end is composed of the following elements:

	Unavailable Revenue	Unearned Revenue
Prepaid taxes not yet earned (General)	\$ -	\$ 172,335
Prepaid fees (General)	-	41,150
Property taxes receivable, net (General)	1,400,731	-
Property taxes receivable, net (Special Revenue)	45,747	-
Recycling fees receivable (General)	151,071	-
Total	<u>\$ 1,597,549</u>	<u>\$ 213,485</u>

As part of implementing GASB Statement 65, the County has reclassified previously recorded deferred charges related to refunding of debt to Deferred Outflows of Resources which will be amortized and recorded as part of interest expense over the remaining life of the refunded debt. These reclassifications are reflected in the government-wide statement of net position as follows:

	Balance at June 30, 2013	Balance at June 30, 2012
Deferred Outflows of Resources	<u>\$ 6,387,811</u>	<u>\$ 2,194,816</u>

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through state statute.

Craven County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Fund balances: In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Restricted fund balance: This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute - portion of fund balance which is not available for appropriation under State law [G.S. 159-8(a)].

Restricted for public safety - portion of fund balance that is restricted by revenue source for public safety expenditures.

Restricted for economic and physical development – portion of fund balance that is restricted by revenue source for economic and physical development.

Restricted for register of deeds – portion of fund balance that is restricted by revenue source for register of deeds expenditures.

Restricted for education, schools - portion of fund balance that is restricted by revenue source for the repayment of debt related to school construction projects.

Committed fund balance: The portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Craven County's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires the majority action by the governing body.

Committed for capital projects – portion of fund balance committed by the County Board of Commissioners for the construction of specific assets held in the capital reserve fund. Specific board action is required to transfer funds out of this fund.

Unassigned: portion of fund balance that has not been restricted, committed or assigned to specific purposes or other funds.

Craven County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Craven County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, and county funds.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County.

Reconciliation of Government-wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$(3,875,841) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	\$ 98,949,405
Less accumulated depreciation	(34,522,296)
Net capital assets	64,427,109
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the governmental funds	688,221
Deferred charges related to refunding-included on government-wide statement of net position but are not current financial resources	6,387,811
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	1,597,549
Internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in the statement of net position for the governmental activities	4,204,850
Long term liabilities, including bonds payable, that are not due and payable in the current period and therefore are not recorded in the fund statements:	
Installment notes financing	(50,487,250)
Bonds financing	(23,640,000)
Capital lease	(41,651)
Deferred bonds premium	(1,178,346)
Accrued interest payable	(232,517)
Other postemployment benefits	(2,566,677)
Compensated absences	(2,529,790)
Net pension obligation	(505,150)
Total adjustment	<u>\$ (3,875,841)</u>

Craven County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$4,360,480 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 2,398,319
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(4,063,531)
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, retirements, and donations)	(4,911)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position	(33,950,000)
Payments to escrow agent on refunded debt	33,890,117
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	6,802,065
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in fund statements.	
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(145,028)
Long-term net pension obligations and other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(618,808)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	85,977
Bond refunding costs, premiums and other similar items, are amortized in the government-wide statements but not in the fund statements because they do not use current resources	(247,527)
Reduction of revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	40,187
Internal service fund is used by management to charge the costs of risk management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities	173,620
Total adjustment	<u>\$ 4,360,480</u>

Craven County, North Carolina

Notes to Financial Statements

Note 2. Cash on Deposit and Investments

At June 30, 2013, the primary government's cash and investments (excluding agency funds – see below) are comprised of the following:

Cash on hand	\$	14,965
Carrying value of deposits		52,914,038
Investments		4,052,740
	\$	<u>\$56,981,743</u>

Statement of net position reconciliation:

Cash and cash equivalents	\$	52,869,003
Short-term investments (restricted and unrestricted)		4,112,740
	\$	<u>\$56,981,743</u>

Deposits:

The deposits of the County and its component units are made in Board designated official depositories and are secured as required by General Statute 159-31. They may designate as an official depository, any bank or savings and loan institution whose principal office is located in North Carolina. They may also establish time deposits in the form of NOW accounts, SuperNOW and money market accounts and certificates of deposit.

All deposits of the County and its component units are either insured or collateralized by using one of two methods. Under the dedicated method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the units' agents in the units' name. Under the pooling method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the units, these deposits are considered to be held by their agents in the entities' name. The amount of the pledged collateral is based on an approved averaging method for noninterest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the pooling method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits.

The State Treasurer does not confirm this information with the units or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the units under the pooling method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the pooling method. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. All deposits of the County rest with banks that have chosen the pooling method. The County, the ABC Board, the Tourism Development Authority, the Airport Authority and the Health System do not have policies regarding custodial credit risk for deposits.

Craven County, North Carolina

Notes to Financial Statements

Note 2. Cash on Deposit and Investments (Continued)

At June 30, 2013, the County's (primary government) deposits had a carrying amount of \$52,914,038 and a bank balance of \$54,349,960. Of the bank balance, \$310,000 was covered by federal depository insurance and \$54,039,960 was covered by collateral held under the pooling method. The County is required to maintain a certificate of deposit totaling \$60,000 at a bank.

At June 30, 2013, the County's agency fund deposits had a carrying amount of \$98,945 and a bank balance of \$98,661. The bank balance was covered by collateral held under the pooling method.

Component Unit Information

At June 30, 2013, both the carrying amount and bank balance of deposits for the Tourism Development Authority was \$284,381. The bank balance was covered by collateral held under the pooling method.

At June 30, 2013, the Airport Authority's deposits had a carrying amount of \$2,419,114 and a bank balance of \$2,423,578. The bank balance was covered by collateral held under the pooling method.

At June 30, 2013, the ABC Board had \$12,900 in cash on hand, and deposits in financial institutions with a carrying amount of \$1,866,341 and a bank balance of \$2,025,488. Of the bank balance, \$258,190 was covered by federal depository insurance and \$1,767,258 was covered by collateral held under the pooling method.

At September 30, 2012, the carrying amount of deposits for the Health System was \$13,577,942 and the bank balance was \$23,937,954. Of the bank balance, \$500,000 was covered by federal depository insurance and \$23,437,954 was covered by collateral held under the pooling method.

Investments:

State law [G.S. 159-30(c)] authorizes the County, the ABC Board, the Tourism Development Authority, the Airport Authority, and the Health System to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). In addition to the above, the Health System may invest in other property or securities in which trustees, guardians, executors, administrators, and others acting in a fiduciary capacity may legally invest funds under their control.

Craven County, North Carolina

Notes to Financial Statements

Note 2. Cash on Deposit and Investments (Continued)

The County's investments at June 30, 2013 consist of the following:

Investment Type	Fair Value	Less Than Six Months	6 - 12 Months	1 - 3 Years	3 - 5 Years
NC Capital Management Trust, Cash Portfolio	\$ 2,061,937	\$ 2,061,937	\$ -	\$ -	\$ -
Commercial paper: Abby National NA LLC Disc	1,990,803	-	1,990,803	-	-
				-	-
Total investments	\$ 4,052,740	\$ 2,061,937	\$ 1,990,803	\$ -	\$ -

Interest Rate Risk: The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. However, as a means of limiting this exposure, the County's investment policy limits the County's investment portfolio to maturities of less than 5 years. Also maturity dates are to be staggered to avoid undue concentration in specific maturity sectors.

Credit Risk: State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County has no formal policy on managing credit risk. Instead, the County informally utilizes the State Law to minimize credit risks. As of June 30, 2013, the County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's and the County's investment in commercial paper is rated P-1 by Moody's and A-1 by Standard & Poor's as of June 30, 2013.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no policy on custodial credit risk.

Concentration of Credit Risk: The County places no limit on the amount that the County may invest in any one issuer.

Craven County, North Carolina

Notes to Financial Statements

Note 2. Cash on Deposit and Investments (Continued)

As of September 30, 2012, the Health System had the following investments and maturities (Amounts are in thousands):

CarolinaEast Health System Investment Type	Fair Value	<Than 1 Year	1-5 Years	6-10 Years	11-20 Years	>Than 20 Years
US Government Treasury Notes	\$ 17,581	\$ 10,604	\$ 2,956	\$ 4,021	\$ -	\$ -
US Government Agencies	16,828	180	4,207	5,465	6,870	106
Corporate Bonds	37,968	405	27,568	6,309	365	3,321
Templeton Global Bond Fund	5,938	N/A	5,938	-	-	-
Equity Securities	103,994	N/A	N/A	N/A	N/A	N/A
Hedge Funds	36,496	N/A	N/A	N/A	N/A	N/A
Short Term Cash Equivalents*	7,322	N/A	N/A	N/A	N/A	N/A
NC Capital Management Trust*	13,958	N/A	N/A	N/A	N/A	N/A
NC Capital Management Trust - Bank of New York Trustee	841	N/A	N/A	N/A	N/A	N/A
Total	\$ 240,926	\$ 11,189	\$ 40,669	\$ 15,795	\$ 7,235	\$ 3,427

*These amounts include \$1,894,293 which is included in cash and cash equivalents.

Interest Rate Risk: As a means of limiting its exposure to fair value losses, the Health System's investment policy dictates that mortgage backed securities or other asset backed securities will never comprise more than 30% of the fixed income portfolio and corporate debt securities will never comprise more than 50% of the fixed income portfolio. Additionally, the policy provides that the maximum maturity of any non-mortgage backed fixed income instrument will not exceed 10 years without the approval of the Health System's Board and investment managers, should not exceed a 7-year expected weighted average maturity for investments in mortgage backed paper and government agencies including Ginni Maes, Freddie Macs, or Fannie Maes. The maturities in the Templeton Global Bond Fund have an average duration of approximately 2.8 years as shown in the preceding schedule.

Credit Risk: The Health System's investment policy requires corporate obligations to meet the commercial paper rating of A1 by Moody's or P1 by S&P and bond rating in the "BBB" category or better by S&P, Moody's, and Fitch. "BBB" securities will be limited to 10% of the fixed income portfolio. No single "BBB" issue will be greater than \$500,000 face value at purchase. Obligations of the U.S. Government or explicitly guaranteed by the U.S. Government are generally not considered to have credit risk. The Templeton Global Bond Fund is unrated.

Craven County, North Carolina

Notes to Financial Statements

Note 2. Cash on Deposit and Investments (Continued)

As of September 30, 2012, the total quality ratings for the above holdings were as follows:

Holdings	AAA	AA	A	BBB	BB	B	Total
US Government Agencies	100.00%						100.00%
Corporate Bonds	15.29%	14.48%	58.48%	11.75%			100.00%
Short Term Cash Equivalents	100.00%						100.00%
NC Capital Management Trust	100.00%						100.00%
NC Capital Management Trust - Bank of New York Trustee	100.00%						100.00%

Concentration of Credit Risk: The Health System's investment policy states individual cumulative debt instruments by any one issuer shall be confined to a maximum of 5% of the fixed income portfolio. There is no concentration of credit risk.

Equity Investment Guidelines: Each equity holding will be limited to 6% of the equity portfolio determined at the time of investment.

Permissible types of equity investments include equities of U.S. and foreign companies listed on the NYSE, ASE and NASDAQ traded OTC securities to include common and preferred and convertible preferred stocks. Equity investments may also include publicly traded mutual funds, unit trusts and other common investment funds comprised of commingled securities listed on the NYSE, ASE and NASDAQ traded OTC securities.

Alternative Assets: A fund of funds hedge fund is employed to offer diversification as an investment alternative with low correlation to fixed income and equity securities. A fund of funds performance is measured against the performance of an appropriate hedge fund index.

Other Investment Guidelines: The primary portfolio shall contain no derivatives to enhance the overall yield of the stock or bond portfolio. The Alternative Asset class may use derivatives. Investment managers must maintain compliance with State of North Carolina laws and regulations, and all other applicable laws, rules and regulations.

Craven County, North Carolina

Notes to Financial Statements

Note 3. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2013 was as follows:

	Capital Assets June 30, 2012	Additions	Retirements	Capital Assets June 30, 2013
Governmental Activities				
Capital assets, not being depreciated:				
Land, other	\$ 9,974,192	\$ 74,855	\$ (64,366)	\$ 9,984,681
Construction in progress	568,645	531,150	(503,805)	595,990
Total capital assets not being depreciated	\$ 10,542,837	\$ 606,005	\$ (568,171)	\$ 10,580,671
Capital assets, being depreciated:				
Buildings	\$ 67,064,159	\$ 171,988	\$ -	\$ 67,236,147
Vehicles	5,449,392	563,786	(524,574)	5,488,604
Equipment	4,371,596	392,603	(266,673)	4,497,526
Other improvements	9,918,254	1,228,203	-	11,146,457
Total capital assets being depreciated	86,803,401	2,356,580	(791,247)	88,368,734
Less accumulated depreciation for:				
Buildings	20,577,388	2,282,798	-	22,860,186
Vehicles	4,379,474	563,737	(523,568)	4,419,643
Equipment	3,087,469	328,512	(266,673)	3,149,308
Other improvements	3,204,675	888,484	-	4,093,159
Total accumulated depreciation	31,249,006	4,063,531	(790,241)	34,522,296
Total capital assets, being depreciated, net	\$ 55,554,395	\$ (1,706,951)	\$ (1,006)	\$ 53,846,438
Business-type Activities				
Capital assets, not being depreciated:				
Land, other	\$ 489,682	\$ 457,672	\$ -	\$ 947,354
Construction in progress	801,861	1,980,155	(457,673)	2,324,343
Total capital assets not being depreciated	\$ 1,291,543	\$ 2,437,827	\$ (457,673)	\$ 3,271,697
Capital assets, being depreciated:				
Buildings & other improvements	\$ 30,271,492	\$ -	\$ -	\$ 30,271,492
Vehicles	182,695	33,062	(28,791)	186,966
Equipment	196,401	-	-	196,401
Total capital assets being depreciated	30,650,588	33,062	(28,791)	30,654,859
Less accumulated depreciation for:				
Buildings & other improvements	12,793,170	883,468	-	13,676,638
Vehicles	157,804	17,305	-	175,109
Equipment	193,820	-	(28,791)	165,029
Total accumulated depreciation	13,144,794	900,773	(28,791)	14,016,776
Total capital assets, being depreciated, net	\$ 17,505,794	\$ (867,711)	\$ -	\$ 16,638,083

Craven County, North Carolina

Notes to Financial Statements

Note 3. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 1,105,583
Public safety	1,471,006
Social Services	471,931
Economic and physical development	470,624
Health	304,413
Environmental protection	70,002
Culture and recreation	169,972
Total depreciation expense, governmental activities	<u>\$ 4,063,531</u>
Business-type activities:	
Water Fund	\$ 900,773
Total depreciation expense-business-type activities	<u>\$ 900,773</u>

Discretely presented component units

The following is a summary of the capital assets of the Airport Authority at June 30, 2013:

Capital assets, not being depreciated:	
Land	\$ 9,529,535
Construction in Progress	7,043,178
Total capital assets, not being depreciated	<u>16,572,713</u>
Capital assets, being depreciated:	
Buildings	9,360,713
Improvements other than buildings	15,946,780
Machinery, equipment, and vehicles	1,748,263
Total capital assets being depreciated	<u>27,055,756</u>
Less accumulated depreciation	<u>14,486,223</u>
Total capital assets being depreciated, net	<u>12,569,533</u>
Capital assets, net	<u>\$ 29,142,246</u>

Title to the real property occupied by the Airport Authority rests with Craven County. The land is leased to the Airport Authority for an annual rent of one dollar through a lease signed November 1, 1993 and expiring October 31, 2013. In addition, the lease contains an option for an automatic 20 year renewal unless either party gives notice, thus by operation of the lease terms, it has now been extended through 2033.

Craven County, North Carolina

Notes to Financial Statements

Note 3. Capital Assets (Continued)

The following is a summary of the Health System capital asset activity for the year ended September 30, 2012:

	Year Ended September 30, 2012			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 6,779,352	\$ 475,548	\$ -	\$ 7,254,900
Construction in progress	2,330,024	10,470,364	(8,092,751)	4,707,637
Total capital assets, not being depreciated	9,109,376	10,945,912	(8,092,751)	11,962,537
Capital assets, being depreciated/amortized				
Intangible assets	15,727,713	-	-	15,727,713
Land improvements	3,887,578	75,855	-	3,963,433
Building and fixtures	141,872,221	1,565,257	-	143,437,478
Equipment	146,378,293	13,694,646	(4,633,165)	155,439,774
Total capital assets being depreciated	307,865,805	15,335,758	(4,633,165)	318,568,398
Less accumulated depreciation/amortization for:				
Intangible assets	(9,498,931)	(518,424)	-	(10,017,355)
Land improvements, building and fixtures, and equipment	(187,244,373)	(19,463,735)	4,585,038	(202,123,070)
	(196,743,304)	(19,982,159)	4,585,038	(212,140,425)
Total capital assets being depreciated/amortized, net	111,122,501	(4,646,401)	(48,127)	106,427,973
Health System capital assets, net	\$ 120,231,877	\$ 6,299,511	\$ (8,140,878)	\$ 118,390,510

All depreciation is directly or indirectly in relation to the provision of healthcare services. The Health System has various renovation projects in progress at September 30, 2012. The estimated cost to complete the projects is approximately \$7,500,000.

Legal title to the Health System's property and equipment, except equipment purchased by the Health System from unrestricted funds, is held by Craven County. The facilities are leased to the Health System, under a lease agreement which expires in 2024, for an annual rental of one dollar. In the event of dissolution of the Health System or its failure to function as a Health System and to operate as required in the lease, all of its monies, properties and assets shall revert to Craven County.

Craven County, North Carolina

Notes to Financial Statements

Note 3. Capital Assets (Continued)

Health System's net assets invested in capital assets, net of related debt, as of September 30, 2012 is as follows:

Capital assets, as above	\$ 118,390,510
Capital related debt (Note 4)	<u>1,545,090</u>
	<u>\$ 116,845,420</u>

The following is a summary of the capital assets of the ABC Board at June 30, 2013:

Capital assets, not being depreciated:	
Land	\$ 189,501
Total capital assets not being depreciated	<u>\$ 189,501</u>
Capital assets, being depreciated:	
Buildings	\$ 1,090,946
Furniture & equipment	527,296
Leasehold improvements	4,907
Automotive equipment	<u>112,381</u>
Total capital assets being depreciated	1,735,530
Less accumulated depreciation	<u>770,084</u>
Total capital assets being depreciated, net	<u>\$ 965,446</u>

Craven County, North Carolina

Notes to Financial Statements

Note 4. Long-Term Obligations

General obligation bonds and bond anticipation notes:

General obligation bonds are direct obligations and pledge the full faith and credit of the County or Water and Sewer District that issued the debt. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year. General obligation bonds payable currently outstanding are as follows:

Purpose	Stated Interest Rates	Amounts
General government bonds:		
The County's general obligation bonds payable at June 30, 2013 are comprised of the following individual issues:		
\$20,738,250 2009 Advance Refunding Bonds issued for 2002 School Facility Serial Refunding Bonds with installments due on December 1 (interest only) and June 1 (principal of \$142,500 to \$2,410,400 plus interest) through June 1, 2023	2.0% - 4.0%	\$ 18,795,200
\$1,061,750 2009 Advance Refunding Bonds issued for 2001 Community College Facility Serial Refunding Bonds with installments due on December 1 (interest only) and June 1 (principal of \$7,500 to 209,600 plus interest) through May 1, 2019	2.0% - 4.0%	914,800
\$13,855,000 2004 General Obligation Refunding Bonds with installments due on December 1 (interest only) and June 1 (principal of \$330,000 to \$1,300,000 plus interest) through June 1, 2017	3.0% - 3.75%	3,930,000
		<u>23,640,000</u>
Proprietary (Water and Sewer Districts) bonds:		
\$325,000 Neuse River Water and Sewer District bonds with installments due September 1 (interest only) and March 1 (principal of \$5,000 to \$20,000 plus interest) through March 2016	5.3% - 5.5%	45,000
		<u>45,000</u>
		<u>\$ 23,685,000</u>

The annual debt service requirements for general obligation bonds are as follows:

	Governmental Activities		Business-type activities	
Year Ending June 30	Principal	Interest	Principal	Interest
2014	\$ 2,610,000	\$ 823,031	\$ 20,000	\$ 2,475
2015	2,570,000	740,138	20,000	1,375
2016	2,530,000	657,038	5,000	275
2017	2,560,000	585,425	-	-
2018	2,620,000	483,850	-	-
2019 – 2023	10,750,000	1,174,450	-	-
Total	<u>\$ 23,640,000</u>	<u>\$ 4,463,932</u>	<u>\$ 45,000</u>	<u>\$ 4,125</u>

Craven County, North Carolina

Notes to Financial Statements

Note 4. Long-Term Obligations (Continued)

Loans and installment notes payable:

Purpose	Interest Rates	Amount
General government:		
Convention Center	4.72%	\$ 4,115,000
Qualified School Construction Bond	4.72%	1,622,250
New School/School Projects/Fiber Optic	4.5%-5.0%	5,080,000
Law Enforcement Center/Park/Tryon Palace	4.5%-5.0%	6,220,000
2013 LOB Refunded School Projects/Fiber Optic	2.07%	15,052,500
2013 LOB Refunded LEC/Park/Tryon Palace	2.07%	18,397,500
Total General Government		<u>50,487,250</u>
Enterprise:		
Water line expansion project-		
Northwest Craven Water and		
Sewer District	2.66% - Drinking Water Revolving Loan	961,372
Castle Hayne Aquifer Water Treatment Project	0% - Water Treatment Planning Rev Loan	1,859,487
Total Enterprise		<u>2,820,859</u>
Total loans and installment notes payable		<u>\$ 53,308,109</u>

The Convention Center project note issued in April, 1999 in the original amount of \$9,900,000 is payable in semi-annual installments consisting of principal payments ranging from \$250,000 to \$390,000 plus interest. The note is collateralized by the convention center land and building.

The Qualified School Construction Bond issued in October, 2010 in the original amount of \$2,163,000 is payable in semi-annual installments consisting of principal payments of \$108,150 plus interest.

The New School/School Projects/Fiber Optic debt is a portion of the Certificates of Participation, Series 2007 issued in August, 2007 in the full original amount of \$57,635,000. Principal on this portion is due in annual installments of \$1,270,000. The Law Enforcement Center/Park/Tryon Palace debt is also a portion of the Certificates of Participation, Series 2007. Principal on this portion is due in annual installments ranging between \$1,550,000 and \$1,560,000. Interest with respect to the 2007 Certificates is payable on each June 1 and December 1 at rates ranging from 4.5%-5%.

On April 10, 2013, the County issued \$33,950,000 of limited obligation refunding bonds, Series 2013, for the purpose of advance refunding a portion of the County's outstanding Certificates of Participation, Series 2007. The Series 2013 Limited Obligation Refunding Bond was issued for the purpose of locking in a lower interest rate thus reducing overall bond debt service costs. The bonds issued are to provide resources to purchase US Government Securities that were placed in an irrevocable trust to be used for all future debt service payments of \$28,225,000 of limited obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$5,665,117. This amount is being reported in deferred outflows of resources and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. This advanced refunding was undertaken to reduce total debt service payments over the next 15 years by \$2,514,071 and resulted in an economic gain of \$1,975,318.

Craven County, North Carolina

Notes to Financial Statements

Note 4. Long-Term Obligations (Continued)

The 2003 drinking water revolving loan, in the original amount of \$1,602,284, is for the purpose of providing water line extension in the Northwest Craven Water & Sewer District. The note is payable in annual installments of \$80,114 plus interest. The note is collateralized by the water lines.

On June 5, 2013 a planning loan was obtained from the Department of Natural Resources through the Drinking Water Revolving Loan Fund in the amount of \$3,014,530 at a zero percent interest rate for a term of five years for the purpose of providing funding for the planning, design and permitting of the treatment plant. The first principal payment is due May 1, 2015. As of June 30, 2013 only \$1,859,487 had been drawn down against the loan.

The annual debt service requirements for installment notes payable are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 4,201,300	\$ 1,399,383	\$ 80,114	\$ 25,572
2015	4,241,300	1,226,934	452,011	23,441
2016	4,286,300	1,057,684	452,011	21,310
2017	4,331,300	880,336	452,011	19,179
2018	4,401,300	671,764	452,011	17,048
2019 – 2023	17,490,750	2,042,936	772,469	53,275
2024 – 2027	11,535,000	469,113	160,232	6,396
Total	<u>\$ 50,487,250</u>	<u>\$ 7,748,150</u>	<u>\$ 2,820,859</u>	<u>\$ 166,221</u>

Craven County, North Carolina

Notes to Financial Statements

Note 4. Long-Term Obligations (Continued)

Changes in long-term liabilities:

Changes in long-term obligations for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 26,300,000	-	2,660,000	\$ 23,640,000	\$ 2,610,000
Deferred premium on debt	2,402,942	-	1,224,596	1,178,346	-
Loans and installment notes	48,883,550	33,950,000	32,346,300	50,487,250	4,201,300
Capital lease	62,415	-	20,764	41,651	21,506
Law enforcement pension obligation	456,704	48,446	-	505,150	-
Other postemployment benefit obligation	1,996,315	719,043	148,681	2,566,677	-
Compensated absences	2,384,762	1,617,649	1,472,621	2,529,790	1,472,622
Governmental activity Long-term liabilities	<u>\$ 82,486,688</u>	<u>\$ 36,335,138</u>	<u>\$ 37,872,962</u>	<u>\$ 80,948,864</u>	<u>\$ 8,305,428</u>
Due within one year					\$ 8,305,428
Due in more than one year					72,643,436
Total Governmental Activities					<u>\$ 80,948,864</u>
Business-type activities:					
General obligation bonds	\$ 95,000	\$ -	50,000	\$ 45,000	\$ 20,000
Other postemployment benefit obligation	31,115	12,685	5,728	38,072	-
Compensated absences	41,495	28,161	22,755	46,901	22,755
Loans and installment notes	1,041,485	1,859,488	80,114	2,820,859	80,114
	<u>\$ 1,209,095</u>	<u>\$ 1,900,334</u>	<u>\$ 158,597</u>	<u>\$ 2,950,832</u>	<u>\$ 122,869</u>
Due within one year					\$ 122,869
Due in more than one year					2,827,963
Total Business-type Activities					<u>\$ 2,950,832</u>

Craven County, North Carolina

Notes to Financial Statements

Note 4. Long-Term Obligations (Continued)

Compensated absences have been liquidated in the general fund and water fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

Other postemployment benefit obligations have been liquidated in the general fund and water fund as incurred by employees employed within those respective funds.

Law enforcement pension obligations will be liquidated from the general fund on a pay-as-you go basis.

State statutes provide for a legal debt limit of 8 percent of the County's assessed value of taxable property. The County has utilized \$76,993,108 of its legal debt limitation of \$779,043,967, leaving a legal debt margin of \$705,734,008 at June 30, 2013.

Component Unit Information:

General obligation bonds and bond anticipation notes:

The Airport Authority currently has the following general obligation bond outstanding:

During the Year Ending June 30,	Principal	Interest	Total
2013	\$ 125,000	\$ 2,813	\$ 127,813
Total	<u>\$ 125,000</u>	<u>\$ 2,813</u>	<u>\$ 127,813</u>

The Airport issued Series 2009 Refunding General Obligation Bonds totaling \$800,000 for the 1998 Airport Terminal General Obligation Bonds with installments due on December 1 (interest only) and June 1 (principle of \$125,000 to \$180,000 plus interest) through June 1, 2014.

Loans and installment notes payable:

Enterprise:	Stated Interest Rate	Amount
Airport Terminal	<u>4.09%</u>	<u>\$ 381,381</u>

The Airport Terminal note is payable in annual installments consisting of principal and interest at the interest rate terms described above. The note is collateralized by the airport terminal.

The annual debt service requirement for the component unit installment note payable is as follows:

During the Year Ending June 30,	Principal	Interest	Total
2013	\$ 381,381	\$ 11,419	\$ 392,800
Total	<u>\$ 381,381</u>	<u>\$ 11,419</u>	<u>\$ 392,800</u>

Long-term liabilities for the Airport Authority also include \$25,948 of liabilities accrued for other postemployment benefits. See note 14 for more information regarding other postemployment benefits.

Craven County, North Carolina

Notes to Financial Statements

Note 4. Long-Term Obligations (Continued)

The Health System had the following bonds payable at September 30, 2012:

Health Care Facilities Revenue Notes, Series 1993:

7.5% interest payable annually on November 1, maturing through 2013 \$ 1,510,063

The series 1993 revenue notes are limited obligations of the Health System and are collateralized solely from the net revenue of the Health System.

Annual debt service requirements, including mandatory sinking fund requirements, at September 30, 2012 are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2013	\$ 727,741	113,255	\$ 840,996
2014	782,322	58,674	840,996
	<u>\$ 1,510,063</u>	<u>\$ 171,929</u>	<u>\$ 1,681,992</u>

The Health System also has installment notes payable totaling \$35,027 due in the fiscal year ending September 30, 2013.

Note 5. Interfund Assets/Liabilities and Transfers

Amounts due from/to funds at June 30, 2013 were as follows (balances within fund types are eliminated):

Receivable Fund	Payable Fund	Amount
County Reserve Capital Project Fund	General Fund	1,000,000
Debt Service Fund	General Fund	858,942
General Fund	Debt Service Fund	481,669
Castle Hayne Aquifer Fund	Water Operating Fund	771,826
		<u>\$ 3,112,437</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Some examples of those are: additional funding requirements based on actuarial information, sanitation services provided, and health and life insurance premium refunds.

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as operating transfers, and are reported as other financing sources (uses) in the Governmental Funds and nonoperating revenues (expenses) in the Proprietary Funds. Transfers within fund types have been eliminated.

The Airport Authority had an amount due from/to of \$3,924 between the Terminal Area Dev. Site No. 34 Fund (Receivable Fund) and the Airport Operating Fund (Payable Fund) at June 30, 2013.

Craven County, North Carolina

Notes to Financial Statements

Note 5. Interfund Assets/Liabilities and Transfers (Continued)

The following is a detailed schedule of government interfund transfers for the year ended June 30, 2013:

Transfers out:	Transfers In:					Total
	General Fund	County Reserve Fund	Non-Major Governmental Funds	Water Fund	Northwest Craven Water and Sewer District	
General Fund	\$ -	\$ 1,888,520	\$ 4,417,698	\$ 18,000	\$ -	\$ 6,324,218
Non-Major Governmental Funds	805,561	-	-	2,380	-	807,941
County Reserve Fund	1,180,989	-	863,083	-	-	2,044,072
Water Fund	123,000	-	-	-	27,350	150,350
Total Transfers out	\$ 2,109,550	\$ 1,888,520	\$ 5,280,781	\$ 20,380	\$ 27,350	\$ 9,326,581

Transfers consist primarily of the following:

\$4,404,698 From General Fund to Non-Major Governmental Funds primarily for future debt retirement of school bonds.

Note 6. Deferred Compensation Plan

The County offers its employees two deferred compensation plans in accordance with Internal Revenue Code Section 457. One plan is administered by the National Association of Counties (NACO), with Nationwide acting as its agent in fulfilling certain of the administrative and marketing requirements. The plan, available to all permanent County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The second plan, administered by the American General Financial Group – VALIC, is available to all permanent County employees who wish to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In January 1997, the County amended the plans in accordance with the provisions of IRC Section 457(g). On that date, assets of the plans were placed in trust for the exclusive benefit of participants and their beneficiaries. The requirements of that IRC Section prescribes that the County no longer owns the amounts deferred by employees, including the related income on those amounts. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, were removed from the County's financial statements in a prior year.

Note 7. Joint Ventures

The County participates in a joint venture with the City of New Bern to operate the New Bern/Craven County Library. The County appoints five board members of the ten-member board. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2013. During the year ended June 30, 2013, the County appropriated \$1,267,977 to the library. In addition to the New Bern/Craven County Library, the County appoints board members to the three other Craven County municipal library boards. Total funding for these libraries was \$268,114. Complete financial statements for the New Bern/Craven County Library can be obtained from the Library's administrative offices at 400 Johnson Street, New Bern, NC 28560.

Craven County, North Carolina

Notes to Financial Statements

Note 7. Joint Ventures (Continued)

The County, in conjunction with Carteret County and Pamlico County, participates in the Coastal Regional Solid Waste Management Authority. Craven County appoints three members of the seven-member board. The Waste Management Authority is a joint venture established to provide solid waste management within these counties. The County has an ongoing financial responsibility for the Waste Management Authority because it and the other counties are legally obligated under the intergovernmental agreement that created the Waste Management Authority to honor any deficiencies in the event that proceeds from other sources are insufficient. The County did not contribute any funds to the Waste Management Authority during the fiscal year ended June 30, 2013. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2013. Complete financial statements for the Waste Management Authority can be obtained from the Waste Management Authority's administrative offices at 7400 Old Highway 70 West, Cove City, NC.

The County, in conjunction with Jones, Pamlico, Bertie, Gates, Hertford, Northampton, Pitt, Beaufort, Camden, Chowan, Currituck, Dare, Hyde, Martin, Pasquotank, Perquimans, Tyrrell and Washington Counties, participates in a joint venture to operate East Carolina Behavioral Health ("ECBH"). Each of the nineteen counties appoints one commissioner as a member of the Board of Directors which consists of 24 members. The County Commissioner members jointly appoint five non-Commissioner Board members. The County has an ongoing financial responsibility for the joint venture because ECBH's continued existence depends on the participating governments' funding in conjunction with funding from the State of North Carolina. None of the participating governments have any equity interest in ECBH, so no equity interest has been reflected in the financial statements at June 30, 2013. The County appropriated \$278,027 to the ECBH during the fiscal year ended June 30, 2013, which included money received from the ABC Board designated for alcohol education. Complete financial statements for ECBH can be obtained from ECBH's administrative offices at 405 Middle Street, New Bern, NC 28560.

The County, in conjunction with the State of North Carolina and the Craven County Board of Education, participates in a joint venture to operate Craven Community College. The County appoints five members of the eleven-member board of trustees of the Community College. The college is included as a component unit of the State of North Carolina. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. Of the last general obligation bond issue for this purpose, \$914,800 is still outstanding. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$3,455,130 and 300,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2013. In addition, the County made debt service principal payments of \$113,200 during the fiscal year ended June 30, 2013. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the financial statements at June 30, 2013. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 800 College Court, New Bern, NC 28562.

Craven County, North Carolina

Notes to Financial Statements

Note 8. Jointly Governed Organizations

The County, in conjunction with nine other counties and 26 municipalities, established the Eastern Carolina Council ("Council") formerly known as Neuse River Council of Governments. The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board.

The County, in conjunction with two other counties, governs the operations of the Craven-Pamlico-Carteret Regional Library. Each participating government appoints three board members to the nine-member board. The County has no ongoing financial responsibility for the joint venture because the library's continued existence depends on the State of North Carolina's continued funding. None of the participating governments have any equity interest in the library, so no equity interest has been reflected in the financial statements at June 30, 2013.

The County, in conjunction with 12 other counties, governs the North Carolina Eastern Region Development Commission. Its purpose is to allow participating counties, including Craven County, which have the potential to derive direct economic benefits from the North Carolina Eastern Region, to create a special economic development district, known as the North Carolina Eastern Region Development Zone. The Commission's primary responsibility is to promote economic development within the territorial jurisdiction of the Zone by fostering development projects to provide land, buildings, facilities, programs, information and data systems, and infrastructure requirements for business and industry in the North Carolina Eastern Region Development Zone. The Commission is governed by 42 voting members, consisting of three members from Craven County and each of the 12 other participating counties, and three members appointed by the Global TransPark Authority. The voting members from each of the counties are appointed by the Board of County Commissioners of the respective counties. The Commission is responsible for a nonexpendable trust fund consisting of an initial State appropriation of \$7.5 million and 85% of the quarterly distributions of the \$5 motor vehicle license fees collected by the North Carolina Department of Transportation. The motor vehicle tax was adopted by the legislature and the participating counties and was collected for a period of five years. The principal balance of the trust funds are nonexpendable and will revolve as loans are made and repaid to the Commission. At June 30, 2013, the portion of the trust available to be loaned exclusively to Craven County was \$2,029,594.

Note 9. Related Organization

The County's governing board is also responsible for appointing the members of the board of the Industrial Facilities and Pollution Control Authority, but the County's accountability for this organization does not extend beyond making these appointments. The Authority exists to issue and service revenue bond debt for private business for economic development purposes. Craven County Industrial Facility and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Craven County, North Carolina

Notes to Financial Statements

Note 10. Additional Social Welfare Expenditures

The benefit payments listed below were issued directly from the State to recipients of the County on its behalf. These amounts represent additional federal and State financial assistance to the residents of the County, but are not reflected in the financial statements because the County has no primary responsibilities beyond making eligibility determinations.

Medicaid	\$ 108,290,557
Temporary Assistance to Needy Families	591,053
Special Assistance	614,800
WIC	2,511,087
Other programs	647,464
	<u>\$ 112,654,961</u>

Note 11. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The County's Internal Service Fund was established to account for a limited risk, self-insurance program to provide health and dental benefits to County employees. Premiums are paid into the Internal Service Fund by all other funds (including amounts withheld from employees) and are available to pay claims and administrative costs of the program. The interfund premiums are based upon actuarial estimates of the amounts needed to pay prior and current year claims. An excess coverage insurance policy provides for individual claims in excess of \$125,000. A total of \$3,666,788 in claims was incurred for benefits during fiscal year 2013. Payments received from the insurer for claims over the limit of \$36,613 and \$69,802 during fiscal 2013 and fiscal 2012, have been netted against the claims shown below. A payable of \$2,797 and a receivable of \$2,872 at June 30, 2013 and 2012, respectively were recorded to account for additional claims owed or paid during the year for which payment or reimbursement from the insurer had not yet been made. Changes in the fund's claims liability amounts (net refunds due) for the past two fiscal years were as follows:

	Net Liability at Fiscal Year Beginning	Current Claims and Changes in Estimates	Claim Payments	Net Liability at Fiscal Year End
2012-2013	\$ 235,075	\$ 3,666,788	\$ 3,701,863	\$ 200,000
2011-2012	\$ 200,346	\$ 3,394,135	\$ 3,359,406	\$ 235,075

Craven County, North Carolina

Notes to Financial Statements

Note 11. Risk Management (Continued)

During 2003, the County entered into a limited risk, self-funded workers' compensation claim program with administrative services provided by a third-party administrator. Premiums are paid into the Internal Service Fund by all other funds and are available to pay claims and administrative costs of the program. The interfund premiums are based upon estimates of amounts needed to pay prior and current year claims. An excess coverage insurance policy provides for individual claims in excess of \$450,000. A total of \$150,883 in claims was incurred for benefits during fiscal year 2013. Changes in the fund's claims liability amounts for the past two fiscal years were as follows:

	Net Liability at Fiscal Year Beginning	Current Claims and Changes in Estimates	Claim Payments	Net Liability at Fiscal Year End
2012-2013	\$ 48,486	\$ 150,883	\$ 115,718	\$ 83,651
2011-2012	\$ 144,782	\$ 167,891	\$ 264,187	\$ 48,486

The County participates in one risk financing pool administered by the North Carolina Association of County Commissioners. Through this pool, the County obtains property coverage equal to replacement cost values of owned property subject to a blanket limit of \$111 million; general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, and crime coverage of \$250,000 per occurrence. The pool is audited annually by certified public accountants, and the audited financial statements are available to the County upon request.

The County carries flood insurance through the National Flood Insurance Plan (NFIP). Because the County is in an area of the State that has been mapped and portions of which are designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$500,000 per structure through the NFIP. The County has purchased the NFIP coverage for three buildings, the Convention Center, the Administration Building, and the Water Maintenance Facility. These three buildings are in an "A" flood zone, the 100 year flood area. The County is also eligible to and has purchased commercial flood insurance for another \$4,500,000 of coverage for the Convention Center.

All County employees are covered under a \$250,000 blanket insurance policy for theft and crime. The Director of Finance is covered by a \$250,000 individual bond. The Tax Collector, Register of Deeds and Sheriff are each individually bonded for \$100,000, \$50,000 and \$10,000, respectively. The County also has liquor legal liability coverage for the Convention Center.

Craven County ABC Board is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Board has property, general liability, auto liability, workers' compensation, and employee health coverage. The Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any part of the past three years.

Craven County, North Carolina

Notes to Financial Statements

Note 11. Risk Management (Continued)

The Craven County Regional Airport Authority has property, general liability, and workers' compensation coverage. Employee health coverage is provided through the County's self-insurance program described above. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

Effective January 1, 2001, the CarolinaEast Health System established a limited risk, self-insurance program to provide health benefits to the Health System's employees. The Health System is billed on a monthly basis for claims by Blue Cross Blue Shield, the plan administrator. The Health System carries stop-loss insurance through Blue Cross Blue Shield which has stop loss for individual claims in excess of \$200,000. The claims liability reported at year-end is based on the requirements of Governmental Accounting Standards Board Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the balance sheet date and the amount can be reasonably estimated.

Changes in the Health System's claims liability amount for retained risk for the fiscal years 2011 and 2010 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2011-2012	\$ 1,000,000	\$ 15,052,244	\$ 15,052,244	\$ 1,000,000
2010-2011	1,000,000	15,384,063	15,384,063	1,000,000

Total claims expense is partially offset by employee contributions.

The Health System formerly had professional liability and/or workers' compensation insurance coverage with three insurance companies that are now in liquidation:

- PHICO Insurance Company ("PHICO"): Went into liquidation on February 1, 2002. Provided professional liability and workers' compensation coverage for Health System.
- Reliance Insurance Company ("Reliance"): Went into liquidation on October 31, 2001. Provided workers' compensation coverage for Health System.
- The Virginia Insurance Reciprocal ("ROA"): Went into liquidation on June 20, 2003. Provided workers' compensation coverage for Health System.

Following liquidation of each of these companies, responsibility for further defense and/or payments relating to cases and claims formerly insured by the companies was assumed by the North Carolina Insurance Guaranty Association ("Guaranty Fund" or "Fund"). The Fund handled the cases and claims and paid all costs and expenses relating thereto with limited input from the Health System.

Notes to Financial Statements

Note 11. Risk Management (Continued)

The Fund notified the Health System that it was requesting reimbursement for both indemnity payments and defense expenses relating to cases and claims pertaining to all three former insurers pursuant to N.C.G.S. §58-48-50 (a1)(1). Such reimbursement claim was based on the Health System's having a net worth that exceeded \$50,000,000 on December 31 of the year in which each of the former insurers became insolvent.

The Health System notified the Guaranty Fund that it disputed the Guaranty Fund's legal position with regard to the Fund's right to reimbursement for all indemnity payments and defense expenses, including attorneys' fees, paid by the Fund in the subject cases and claims. Discussions continued between the Fund and Health System concerning this matter until the Fund initiated formal litigation by filing a declaratory judgment action on March 4, 2004.

Prior to the dispute between the Fund and the Health System, the Health System had established certain reserves to provide for payment of professional liability cases where the settlement or judgment would potentially exceed the statutory \$300,000 indemnity payment limit provided by the Fund. The amount of the reserve relating to each pending case was based upon assessment of the Health System's potential financial exposure for settlements or judgments that exceeded the indemnity provided by the Fund. The Health System reassessed the nature and extent of its reserves once the Health System became aware of the Fund's claim for reimbursement and in anticipation of the Health System having to eventually reimburse the Fund for all indemnity payments and all or part of defense expenses relating to cases and claims.

On September 29, 2004, the Fund and Health System agreed upon a resolution of the declaratory judgment action and entered into a formal Settlement Agreement and Release of All Claims.

As part of the settlement, the Health System paid the Fund \$13,679 during the fiscal year 2012.

The Health System continues to maintain reserves to cover reimbursement obligations relating to those cases and claims that remain pending. These include several professional liability matters that may involve substantial exposure for both indemnity and defense expenses as well as multiple workers' compensation matters involving continued periodic benefits payments or that are the subject of pending judicial appeals. The nature and extent of these reserves are periodically reviewed for adequacy and reasonableness by management.

Professional Liability: The Health System spent \$1,024,824 for General, Professional, and Umbrella coverage in fiscal year 2012. These premiums represent a transfer of risk and are not determined retrospectively. The Health System also insures certain employed physicians and CRNA's under similar policies. These policies are occurrence basis policies, meaning claims are covered based on the date occurred versus when the claim was made.

Other: The Health System carries commercial insurance coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

Craven County, North Carolina

Notes to Financial Statements

Note 12. Retirement Systems

North Carolina Local Governmental Employees' Retirement System:

Plan Description. Craven County, the Airport Authority and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the Health System to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute 6% of their annual covered salary. The County, the Airport Authority and the ABC Board are required to contribute at an actuarially determined rate. The current rates for employees not engaged in law enforcement and for law enforcement officers as a percent of annual covered payroll are as follows:

	Not Engaged In Law Enforcement	Engaged In Law Enforcement
Craven County	6.74%	6.77%
Airport Authority	6.74%	
ABC Board	6.74%	

The contribution requirements of members and of Craven County, the Airport Authority and the ABC Board are established and may be amended by the North Carolina General Assembly. Contributions to LGERS for these entities for the years ended June 30, 2013, 2012, and 2011 were as follows:

	2013	2012	2011
Craven County	\$ 1,648,677	\$ 1,697,639	\$ 1,573,947
Airport Authority	18,575	26,595	25,234
ABC Board	31,678	33,690	31,452

The contribution made by the County, The Airport Authority and the ABC Board equaled the required contributions for each year.

Craven County, North Carolina

Notes to Financial Statements

Note 12. Retirement Systems (Continued)

North Carolina Local Governmental Employees' Retirement System:

Law Enforcement Officers Special Separation Allowance:

Plan Description. Craven County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service.

The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the Health System to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers of the County are covered by the Separation Allowance.

At December 31, 2012 the System's membership consisted of:

Retirees receiving benefits	6
Active plan members	72
Total	<u>78</u>

The Separation Allowance does not issue a stand-alone financial report.

Summary of Significant Accounting Policies:

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund.

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

Craven County, North Carolina

Notes to Financial Statements

Note 12. Retirement Systems (Continued)

The annual required contribution for the current year was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method, the level percent of pay closed amortization method over a remaining amortization period of 18 years, and market value asset valuation method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include postretirement benefit increases or cost of living adjustments.

Annual Pension Cost and Net Pension Obligation. The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual Required Contribution	\$ 127,126
Interest on Net Pension Obligation	22,835
Adjustment to Annual Required Contribution	<u>(28,421)</u>
Annual Pension Cost	121,540
Employer Contributions made for fiscal year ending June 30, 2013	<u>73,094</u>
Increase in Net Pension Obligation	48,446
Net Pension Obligation, beginning of fiscal year	456,704
Net Pension Obligation, end of fiscal year	<u><u>\$ 505,150</u></u>

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2011	116,981	77.91%	424,336
6/30/2012	116,588	72.24%	456,704
6/30/2013	121,540	60.14%	505,150

Funded Status and Funding Progress. As of December 31 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,140,021, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,140,021. The covered payroll (annual payroll of active employees covered by the plan) was \$2,911,198, and the ratio of the UAAL to the covered payroll was 39.16 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Notes to Financial Statements

Note 12. Retirement Systems (Continued)

Supplemental Retirement Income Plan for Law Enforcement Officers:

Plan Description. The County contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the Health System to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013 were \$240,157 which consisted of \$148,083 (required and actual) from the County and \$92,074 from the law enforcement officers.

Supplemental Retirement Income Plan for Non-Law Enforcement Officers:

Plan Description. The County contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investments earnings. All non-law enforcement employees employed by the County participate in the Plan after a six-month probationary period with the County. The County has no requirement or obligation under State statutes to contribute to this Plan.

Funding Policy. The County contributes each month an amount equal to two percent of each covered non-law enforcement employee's compensation and also contributes up to an additional two percent match of employees contributions dollar for dollar, and all amounts contributed are vested immediately. Also, employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013 were \$1,424,659, \$32,803, and \$22,400 which consisted of \$755,527, \$19,138, and \$10,843 from the governmental activities, business activities, and Airport Authority respectively and \$669,132, \$13,665, and \$11,557 from the non-law enforcement employees for the governmental activities, business activities, and Airport Authority.

Craven County, North Carolina

Notes to Financial Statements

Note 12. Retirement Systems (Continued)

Registers of Deeds' Supplemental Pension Fund:

Plan Description. Craven County also contributes to the Registers of Deeds' Supplemental Pension Fund ("Fund"), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to 1.5% of the monthly receipts collected pursuant to Article 1 of G.S. Chapter 161. Immediately following January 1 of each year, the Department of State Treasurer divides 93% of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining 7% of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2013, the County's required and actual contributions were \$10,528.

Health System Plans:

CarolinaEast Health System sponsors and has a fiduciary responsibility for CarolinaEast Medical Center Money Purchase Pension Plan (primary retirement plan), a noncontributory defined contribution plan covering all employees of CarolinaEast Health System who meet the eligibility requirements. An employee is eligible to participate in the plan following four consecutive full-time years of service with the Health System. Full-time employees are those that customarily work at least 36 hours per week. Employer contributions are based on a fixed percentage of base earnings for each employee. The benefit to the employee under the plan is the Health System's contribution plus investment earnings. Employees are fully invested after ten years of continuous employment.

The Health System's contributions to the primary retirement plan were calculated using a covered payroll amount of \$48,857,914 for the year ended September 30, 2012. Total contributions were \$4,885,791 for the year ended September 30, 2012, which represents 10 percent of covered payroll.

The primary retirement plan issues a separate, stand-alone financial report which can be obtained by contacting the V.P. of Finance, 2000 Neuse Boulevard, New Bern, N.C. 28562. The Plan was created by act of the Trustees of CarolinaEast Medical Center, who have the ability to amend or terminate the Plan.

Notes to Financial Statements

Note 12. Retirement Systems (Continued)

The Health System also maintains supplementary retirement plans under IRS Code Sections 403(b) and 457(b) which are administered by the Lincoln National Life Insurance Company and the Variable Annuity Life Insurance Company (VALIC). The 403(b) plan is a contributory plan with the Health System matching contributions, eligible employees must contribute a minimum of 3 percent of their eligible salary, and have completed 1 year of continuous service. Contributions by eligible employees are matched by the Health System at a rate of 2% of the employee's eligible salary. Employees contributing a portion of the eligible salary to the 457(b) plan do not receive a matching employer contribution. All employees are eligible to participate in both plans at the date of hiring. The employee contributions are made on a tax-deferred basis. The benefit to the employee under each plan is the amount contributed plus investment earnings. Employees are fully vested after one year of continuous employment.

The Health System's 403(b) contributions were calculated using a covered payroll amount of \$59,324,308 for the year ended September 30, 2012. The Health System's contributions were \$1,186,486 or 2 percent of covered payroll for the year ended September 30, 2012. Employee contributions to the plan totaled \$5,404,347 or 9.11% of covered payroll for the year ended September 30, 2012. Employee contributions to the 457(b) plan totaled \$881,387 for the years ended September 30, 2012. These plans are not included in the Health System's reporting entity and do not issue separate, stand alone financial reports.

Note 13. Death Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employee' Retirement System (Death Benefit Plan), a multiple-employer, State administrated, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one-year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one-year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the death benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit plan and not by the county, the County does not determine the number of eligible participants.

For the fiscal year ended June 30, 2013, the County made contributions to the State for death benefits of \$25,436. The County's required contributions for employees not engaged in law enforcement and law enforcement officers represented .10% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

The County provides \$10,000 of group-term life insurance to all eligible employees.

Craven County, North Carolina

Notes to Financial Statements

Note 14. Other Postemployment Benefits

Healthcare Benefits

Plan Description. The County provides certain post-employment health care and other benefits ("OPEB Plan") as a part of its total compensation package offered to attract and retain the services of qualified employees. These benefits are available to retirees who participate in LGERS (Local Government Employees' Retirement System) and who, at the time of their retirement, had at least 15 years of continuous creditable service with the County. The County provides coverage for these benefits through the County's partially self-funded health insurance plan. Employees who retire with 15 to 19 years of service with the LGERS and County may continue their coverage upon retirement at their cost. The County contributes a portion of the cost for all retirees who have at least 20 years of service with the LGERS, 15 of which is with the County. The amount contributed by the County increases with each year of service from 20 years to 30 years. A separate report was not issued for the plan.

Membership of the OPEB Plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

	General Employees(*)	Law Enforcement Officers:
Retirees and dependents receiving benefits	31	6
Active plan members	596	72
Total	627	78

*The General employees group above includes active plan members for governmental activities, business-type activities, and the Airport Authority totaling 648, 13 and 8, respectively. The breakdown of retirees and dependents receiving benefits in the government and business-type activities is 35 and 2, respectively. There are currently no active retirees for the Airport Authority.

Funding Policy. The County pays a portion of the cost of coverage for the healthcare benefits paid to qualified retirees, based on length of service, under a County resolution that can be amended by the Governing Board of Commissioners. The County's members may elect dependent coverage as well, but at the expense of the retiree. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 2.83% of annual covered payroll. For the current year, the County contributed \$157,025 or 0.6% of annual covered payroll. The County has established an Internal Service Fund to account for a limited risk, self insurance program to provide health benefits to County employees. See Note 11. The County's obligation to contribute to OPEB Plan is established and may be amended by the Board of Commissioners.

Craven County, North Carolina

Notes to Financial Statements

Note 14. Other Postemployment Benefits (Continued)

Summary of Significant Accounting Policies. Postemployment expenditures are made from the Internal Service Fund, which is maintained on the full accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution (1)	\$ 729,338
Interest on net OPEB obligation	59,314
Adjustment to annual required contribution	(51,172)
Annual OPEB cost (expense)	<u>737,480</u>
Contributions made (1)	(157,025)
Increase (decrease) in net OPEB obligation	<u>580,455</u>
Net OPEB obligation, beginning of year	<u>2,050,242</u>
Net OPEB obligation, end of year (1)	<u><u>\$ 2,630,697</u></u>

(1) The net OPEB obligation at June 30, 2013 consists of liabilities of \$2,566,677, \$38,072 and \$25,948 recorded in governmental activities, business type activities and the Airport Authority, respectively. This was computed by allocating the total annual required contribution by number of active and retired plan members for each function, less contributions made during the year for each. The annual required contribution was allocated as \$683,740, \$12,056 and \$5,458 to governmental activities, business-type activities and Airport Authority, respectively. Contributions in the current period were \$151,297 and \$5,728 related to governmental and business-type activities, respectively.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three years were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 737,480	21.3%	\$ 2,630,697
2012	\$ 737,480	23.1%	\$ 2,050,242
2011	\$ 708,138	23.4%	\$ 1,482,842

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$7,442,212. The covered payroll (annual payroll of active employees covered by the plan) was \$24,818,993, and the ratio of the UAAL to the covered payroll was 30.0%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Craven County, North Carolina

Notes to Financial Statements

Note 14. Other Postemployment Benefits (Continued)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 9.50 to 5.00 percent annually. The investment rate included a 3.00 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011, was 30 years.

Health System Plans:

Plan Description. CarolinaEast Health Center sponsors and has fiduciary responsibility for CarolinaEast Medical Center Employee Benefit Trust, a single-employer, defined benefit OPEB plan established and governed by the Health System's governing board. A trust was established April 1, 2007 for this plan and has a plan year of January 1 to December 31. As such, the Plan's first fiscal year end was December 31, 2007. The Health System provides other postemployment benefits (OPEB) comprised of health care and group life insurance benefits to retirees of CarolinaEast Medical Center who have at least 20 years of continuous full-time service, have attained the age of 55 and were employed prior to July 1, 1995. The Health System pays the full cost of coverage for these benefits until age 65. Also, retirees can purchase coverage for their spouse at the Authority's group rates. The Health System elected to discontinue the post-retirement benefit to individuals employed on or after July 1, 1995. The plan issues a stand-alone financial report. That report can be obtained by contacting the V.P. of Finance, 2000 Neuse Boulevard, New Bern, N.C. 28562.

As of the actuarial valuation report dated January 1, 2012 the Health System's membership consisted of:

Retirees receiving benefits	50
Active plan members	230
Total	<u>280</u>

Funding Policy. Prior to April 1, 2007, the Health System funded these obligations on a pay-as-you-go basis. During 2007, the Authority funded the actuarially determined net OPEB obligation which was accrued at September 30, 2006 and made some interim pay-as-you-go benefit payments until the trust was funded and thereafter the annual required contributions determined in actuarial valuations.

Notes to Financial Statements

Note 14. Other Postemployment Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation. The Health System's OPEB cost (expense) for the fiscal year ended September 30, 2011 was calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Prior to 2009, the Health System used one year in their determination; however, due to significant losses in plan assets during the plan year ended December 31, 2008, the Health System revised the amortization period to five years. The most recent actuarial valuation is dated January 1, 2012.

The Health System's annual OPEB cost components, the percentage of annual OPEB cost contributed to the trust, and its net OPEB obligation for the year ended September 30, 2012, 2011 and 2010 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (APC)</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
09/30/2010	\$514,055	100.00%	\$0
09/30/2011	\$497,939	95.00%	\$0
09/30/2012	\$628,337	100.00%	\$0

Summary of Significant Accounting Policies. The plan's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Funded Status and Funding Progress. The plan was initially funded on April 1, 2007, the date the trust was established.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown below, presents multiyear trend information about whether actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Craven County, North Carolina

Notes to Financial Statements

Note 14. Other Postemployment Benefits (Continued)

Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Total Unfunded Actuarial Accrued Liabilities	Actuarial Value of Assets as Percentage of Actuarial Accrued Liabilities
01/01/2010	\$4,289,091	\$5,607,624	\$1,318,533	76%
01/01/2011	\$4,768,499	\$6,149,239	\$1,380,740	78%
01/01/2012	\$5,266,563	\$6,145,115	\$878,552	86%

Methods and assumptions as of the latest actuarial valuations follow.

Valuation date	January 1, 2012
Actuarial cost method	Projected unit credit
Amortization method	Level dollar
Remaining amortization period	4 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.0%
Health care cost trend rates	9.0% down to 5.0%
Includes inflation at	3.0%
Cost-of-living adjustments	None

Note 15. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The County and Health System are defendants in various lawsuits. Management of the County and Health System and their respective legal counsels feel that these claims can be successfully defended and intend to resist the allegations of these matters in every way and do not plan to seek out-of-court settlements. In the event that judgments adverse to the interest of the County and the Health System should be rendered, management and its legal counsel feel any liability will be covered by existing insurance policies.

Craven County, North Carolina

Notes to Financial Statements

Note 16. Commitments

During the fiscal year ended June 30, 2010, the County entered into a 10-year lease agreement for a waste convenience center. At June 30, 2013, future minimum lease payments under this operating lease are as follows:

Year Ending June 30,	
2014	\$ 11,400
2015	11,400
2016	11,400
2017	11,400
2018	11,400
2019	11,400
	<u>\$ 68,400</u>

Note 17. Subsequent Events

On September 5, 2013, the County received a payment of \$502,470 from the ABC Board due to their excess working capital on hand at June 30, 2013. Over half of this was the result of the change in the law regarding balances held for working capital by ABC Boards.

Note 18. Pronouncements Issued Not Yet Implemented

The GASB has issued several pronouncements prior to June 30, 2013 that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the County,

GASB Statement Number 66, "Technical Corrections – 2012 – An Amendment of GASB Statement No. 10 and No. 62" will be effective for the County beginning with its year ending June 30, 2014.

GASB Statement Number 67, "Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25" will be effective for the County beginning with its year ending June 30, 2014.

GASB Statement Number 68, "Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27" will be effective for the County beginning with its year ending June 30, 2015.

GASB Statement Number 69 – "Government Combinations and Disposals of Government Operations" will be effective for the County beginning with its year ending June 30, 2014.

GASB Statement Number 70 – "Accounting and Financial Reporting for Nonexchange Financial Guarantees" will be effective for the County beginning with its year ending June 30, 2014.

Notes to Financial Statements

Note 19. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ended June 30, 2013. In accordance with GASB Statement 63, the Statements of Net Assets have been replaced with the Statements of Net Position. Under Statement 63, items on the Statements of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Certain Deferred Outflows and Inflows can exist in Balance Sheets presented. The implementation of Statement 63 only changed terminology used at the County.

The GASB Statement 65 requires, among other things, that bond issuance costs, which were previously deferred and amortized, be included in current expenses. Accounting changes adopted to conform to the provisions of Statement 65 are to be applied retroactively and reported as a restatement of beginning net position. Previously deferred bond issuance costs totaling \$966,952 were recognized as an adjustment to beginning net position in the governmental activities column in the Statement of Net Position – government wide statements in the current year. As a result, beginning net position of governmental activities decreased from \$32,967,352 to \$32,000,400.

Deferred charges- refunding, previously reported as an asset, is now reported as a deferred outflow of resources. Additionally, certain items previously reported as liabilities are now reported as deferred inflow of resources. These items are detailed in Note 1.

REQUIRED SUPPLEMENTARY INFORMATION

- Schedule of Funding Progress for Law Enforcement Officers Special Separation Allowance
- Schedule of Employer Contributions for Law Enforcement Officers Special Separation Allowance
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Notes to the Required Schedules for the Other Postemployment Benefits

Craven County



CRAVEN COUNTY, NORTH CAROLINA
Required Supplementary Information (Unaudited)

**SCHEDULE OF FUNDING PROGRESS FOR LAW
ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
For the Fiscal Year Ended June 30, 2013**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on Valuation Date (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2007	-	781,597	781,597	-	2,434,754	32.10%
12/31/2008	-	924,441	924,441	-	2,793,133	33.10%
12/31/2009	-	1,133,303	1,133,303	-	2,791,570	40.60%
12/31/2010	-	1,101,074	1,101,074	-	2,773,751	39.70%
12/31/2011	-	1,103,347	1,103,347	-	2,869,269	38.45%
12/31/2012	-	1,140,021	1,140,021	-	2,911,198	39.16%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR LAW
ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
For the Fiscal Year Ended June 30, 2013**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	79,477	64.8%
2009	85,509	92.7%
2010	100,874	91.5%
2011	118,390	77.0%
2012	120,685	69.8%
2013	127,126	57.5%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuations follows.

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	19 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.25-7.85%
Includes inflation at	3.00%
Cost-of-living adjustments	None

**Craven County
Other Postemployment Benefits
Required Supplementary Information (Unaudited)
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2007	\$ -	\$ 6,561,695	\$ 6,561,695	0.0%	\$ 22,494,883	29.2%
12/31/2009	\$ -	\$ 7,548,893	\$ 7,548,893	0.0%	\$ 23,558,343	32.0%
12/31/2011	\$ -	\$ 7,442,212	\$ 7,442,212	0.0%	\$ 24,818,993	30.0%

**Craven County
Other Postemployment Benefits
Required Supplementary Information
Schedule of Employer Contributions**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2010	\$ 627,976	24.4%
2011	\$ 702,976	23.5%
2012	\$ 729,338	21.6%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined by assumption from an actuarial valuation as follows:

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level Percentage of pay, open
Remaining amortization period	30 Years
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment rate of return	4.00%
Medical cost trend	9.50% - 5.00%
Year of Ultimate trend rate	2018

OTHER SUPPLEMENTARY INFORMATION

Other financial information includes additional detailed analysis of particular aspects of the County's financial position and results of operations.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy
- Other Detailed Fund Information

Craven County



CRAVEN COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

June 30, 2013

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Uncollected</u> <u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Collections</u> <u>Credits and</u> <u>Adjustments</u>	<u>Uncollected</u> <u>Balance</u> <u>June 30, 2013</u>
2013	\$	\$ 45,836,216	\$ 44,932,857	\$ 903,359
2012	947,802	-	660,014	287,788
2011	251,723	-	86,695	165,028
2010	158,918	-	16,211	142,707
2009	152,897	-	15,731	137,166
2008	136,117	-	9,546	126,571
2007	107,355	-	8,348	99,007
2006	90,728	-	4,366	86,362
2005	74,986	-	4,590	70,396
2004	86,837	-	4,489	82,348
2003	83,765	-	83,765	-
	<u>\$ 2,091,128</u>	<u>\$ 45,836,216</u>	<u>\$ 45,826,612</u>	<u>\$ 2,100,732</u>
Less allowance for uncollectible ad valorem taxes receivable				<u>700,000</u>
				<u>\$ 1,400,732</u>

Reconciliation with revenues:

Ad valorem taxes- General Fund	\$ 45,642,570
Less: Collection of taxes older than ten years	16,233
Plus: Abatements and adjustments of prior year taxes	<u>200,275</u>
Total collections and credits	<u>\$ 45,826,612</u>

CRAVEN COUNTY, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY
For the Fiscal Year Ended June 30, 2013**

	County-wide			Total Levy	
				Property excluding Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Amount of Levy		
ORIGINAL LEVY:					
Property taxed at current year's rate	\$9,462,005,985	\$0.4700	\$44,471,396	\$41,913,176	\$2,558,220
Motor vehicles taxed at prior year's rate	295,441,728	0.4728	1,396,754	-	1,396,754
Penalties	-		69,173	69,173	-
	<u>\$9,757,447,713</u>		<u>\$45,937,323</u>	<u>\$41,982,349</u>	<u>\$3,954,974</u>
DISCOVERIES	76,428,388		371,553	371,553	-
	<u>\$9,833,876,101</u>		<u>\$46,308,876</u>	<u>\$42,353,902</u>	<u>\$3,954,974</u>
ABATEMENTS	(95,826,518)		(472,660)	(94,264)	(378,396)
Total property valuation	<u><u>\$9,738,049,583</u></u>				
Net Levy			\$45,836,216	\$42,259,638	\$3,576,578
Uncollected taxes at June 30, 2013			<u>903,359</u>	<u>496,340</u>	<u>407,019</u>
Current year's taxes collected			<u><u>\$44,932,857</u></u>	<u><u>\$41,763,298</u></u>	<u><u>\$3,169,559</u></u>
Current levy collection percentage			<u><u>98.03%</u></u>	<u><u>98.83%</u></u>	<u><u>88.62%</u></u>

COMBINING SCHEDULES OF NONMAJOR FUNDS

Craven County



CRAVEN COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013**

	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,184,560	\$ 907,779	\$ -	\$ 2,092,339
Taxes receivable	45,744	-	-	45,744
Accounts receivable	194,020	-	-	194,020
Due from other fund	-	-	858,942	858,942
Total assets	<u>\$ 1,424,324</u>	<u>\$ 907,779</u>	<u>\$ 858,942</u>	<u>\$ 3,191,045</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 19,918	\$ -	\$ -	\$ 19,918
Due to other funds	-	-	481,669	481,669
Total liabilities	<u>19,918</u>	<u>-</u>	<u>481,669</u>	<u>501,587</u>
Deferred inflows of resources:				
Tax receivable	45,747	-	-	45,747
Total deferred inflows of resources	<u>45,747</u>	<u>-</u>	<u>-</u>	<u>45,747</u>
Fund balances:				
Restricted				
Stabilization by state statute	194,002	-	-	194,002
Public safety	1,137,572	907,779	-	2,045,351
Economic and physical development	46,975	-	-	46,975
Education, schools	-	-	377,273	377,273
Unassigned	(19,890)	-	-	(19,890)
Total fund balances	<u>1,358,659</u>	<u>907,779</u>	<u>377,273</u>	<u>2,643,711</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,424,324</u>	<u>\$ 907,779</u>	<u>\$ 858,942</u>	<u>\$ 3,191,045</u>

CRAVEN COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2013

	Fire District Funds	Emergency Telephone System 911	Occupancy Tax Fund	CDBG FY 12 Scattered Sites	CDBG FY 12 SBEA	Pamlico Sound Regional Hazard Mitigation Plan	Totals
ASSETS							
Cash and cash equivalents	\$ 172,488	\$ 965,097	\$ 46,975	\$ -	\$ -	\$ -	\$ 1,184,560
Taxes receivable	45,744	-	-	-	-	-	45,744
Accounts receivable	144,737	49,283	-	-	-	-	194,020
Total assets	\$ 362,969	\$ 1,014,380	\$ 46,975	\$ -	\$ -	\$ -	\$ 1,424,324
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 17	\$ 11	\$ -	\$ 7,566	\$ 3,581	\$ 8,743	\$ 19,918
Total liabilities	17	11	-	7,566	3,581	8,743	19,918
Deferred inflows of resources:							
Tax receivable	45,747	-	-	-	-	-	45,747
Total deferred inflows of resources	45,747	-	-	-	-	-	45,747
Fund balances:							
Restricted							
Stabilization by state statute	144,719	49,283	-	-	-	-	194,002
Public safety	172,486	965,086	-	-	-	-	1,137,572
Economic and physical development	-	-	46,975	-	-	-	46,975
Unassigned	-	-	-	(7,566)	(3,581)	(8,743)	(19,890)
Total fund balances	317,205	1,014,369	46,975	(7,566)	(3,581)	(8,743)	1,358,659
Total liabilities, deferred inflows of resources and fund balances	\$ 362,969	\$ 1,014,380	\$ 46,975	\$ -	\$ -	\$ -	\$ 1,424,324

CRAVEN COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
June 30, 2013**

	EOC 911 Renovation Fund
ASSETS	
Cash and cash equivalents	\$ 907,779
Total assets	<u>907,779</u>
 Fund Balances:	
Restricted	
Public safety	<u>907,779</u>
 Total liabilities and fund balances	<u>907,779</u>

CRAVEN COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

For the fiscal year ended June 30, 2013

	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 3,190,266	\$ -	\$ -	\$ 3,190,266
Intergovernmental	616,053	47,731	1,010,010	1,673,794
Interest	4,148	170	834	5,152
Total revenues	3,810,467	47,901	1,010,844	4,869,212
EXPENDITURES				
Current:				
Public safety	2,486,718	513,611	-	3,000,329
Economic and physical development	412,017	-	-	412,017
Culture and recreation	-	17,538	-	17,538
Education	-	573,280	-	573,280
Debt service:				
Principal	-	-	4,258,100	4,258,100
Interest	-	-	1,525,429	1,525,429
Total expenditures	2,898,735	1,104,429	5,783,529	9,786,693
Excess of revenues over (under) expenditures	911,732	(1,056,528)	(4,772,685)	(4,917,481)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	876,083	4,404,698	5,280,781
Transfers out	(807,941)	-	-	(807,941)
Total other financing sources (uses)	(807,941)	876,083	4,404,698	4,472,840
Net change in fund balances	103,791	(180,445)	(367,987)	(444,641)
FUND BALANCES:				
Beginning	1,254,868	1,088,224	745,260	3,088,352
Ending	\$ 1,358,659	\$ 907,779	\$ 377,273	\$ 2,643,711

CRAVEN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2013

	Fire District Funds	Emergency Telephone System 911	Occupancy Tax Fund	CDBG FY 10 Contingency Infrastructure	CDBG FY 12 Scattered Sites	CDBG FY 12 SBEA	Pamlico Sound Regional Hazard Mitigation Plan	Totals
REVENUES								
Taxes	\$ 2,362,712	\$ -	\$ 827,554	\$ -	\$ -	\$ -	\$ -	\$ 3,190,266
Intergovernmental	-	295,700	-	320,353	-	-	-	616,053
Interest	-	3,838	310	-	-	-	-	4,148
Total revenues	2,362,712	299,538	827,864	320,353	-	-	-	3,810,467
EXPENDITURES								
Current:								
Public safety	2,361,297	125,421	-	-	-	-	-	2,486,718
Economic and physical development	-	-	97,029	295,098	7,566	3,581	8,743	412,017
Total expenditures	2,361,297	125,421	97,029	295,098	7,566	3,581	8,743	2,898,735
Excess of revenues over (under) expenditures	1,415	174,117	730,835	25,255	(7,566)	(3,581)	(8,743)	911,732
OTHER FINANCING SOURCES (USES)								
Transfers in (out):								
To General Fund	-	-	(794,878)	(10,683)	-	-	-	(805,561)
To Water Operating Fund	-	-	-	(2,380)	-	-	-	(2,380)
Total other financing sources (uses)	-	-	(794,878)	(13,063)	-	-	-	(807,941)
Net change in fund balances	1,415	174,117	(64,043)	12,192	(7,566)	(3,581)	(8,743)	103,791
FUND BALANCES:								
Beginning	315,790	840,252	111,018	(12,192)	-	-	-	1,254,868
Ending	\$ 317,205	\$ 1,014,369	\$ 46,975	\$ -	\$ (7,566)	\$ (3,581)	\$ (8,743)	\$ 1,358,659

CRAVEN COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For the Fiscal Year Ended June 30, 2013**

	Latham- Whitehurst Nature Park Project Fund	Qualified School Construction Bond	EOC 911 Renovation Fund	Totals
REVENUES				
Intergovernmental	\$ 47,731	\$ -	\$ -	\$ 47,731
Interest	-	170	-	170
Total revenue	47,731	170	-	47,901
EXPENDITURES				
Public Safety	-	-	513,611	513,611
Culture and recreation	17,538	-	-	17,538
Education	-	573,280	-	573,280
Total expenditures	17,538	573,280	513,611	1,104,429
Excess of revenues under expenditures	30,193	(573,110)	(513,611)	(1,056,528)
OTHER FINANCING USES				
Transfers in	-	-	876,083	876,083
Total other financing uses	-	-	876,083	876,083
Net change in fund balances	30,193	(573,110)	362,472	(180,445)
FUND BALANCES				
Beginning	(30,193)	573,110	545,307	1,088,224
Ending	\$ -	\$ -	\$ 907,779	\$ 907,779

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specified revenue sources (other than Special Assessments) or to finance specified activities as required by law or administrative regulation.

The following comprise the County's Special Revenue Funds:

- **Fire District Funds** – The Fire District Funds are used to account for the County's collection of tax revenues and related expenditures for each of the 11 fire districts.
- **Emergency Telephone System E-911 Fund** – The Emergency Telephone System E-911 Fund is used to account for the revenues and expenditures related to the emergency 911 system.
- **Occupancy Tax Fund** – The Occupancy Tax Fund is used to account for the receipt of occupancy tax legally restricted to be used for a convention center in New Bern, NC and a tourist center in Havelock, NC.
- **CDBG FY 10 Contingency Infrastructure** – The CDBG FY 10 Infrastructure Project Fund is used to account for improvements to roads, water lines, sewer lines, and the relocation of various water lines throughout various locations in the County.
- **CDBG FY 12 Scattered Sites** - The CDBG Scattered Site Project Fund is used to account for a HUD Scattered Site Housing program to rehabilitate very low-income owner occupied households at scattered sites within Craven County.
- **CDBG FY 12 Small Business and Entrepreneurial Assistance Program** - The CDBG Small Business and Entrepreneurial Assistance Project Fund is used to account for funds to allow an existing manufacturing business to construct a new facility in a more affordable location, which will result in business expansion and the creation of new jobs.
- **Pamlico Sound Regional Hazard Mitigation Plan** - Pamlico Sound Regional Hazard Mitigation Plan project fund is used to account for the funds to allow for the update of Craven County's Hazard Mitigation Plan, also included in this update is the counties of Beaufort, Carteret, Hyde and Pamlico.

Craven County



CRAVEN COUNTY, NORTH CAROLINA

**DETAILED BALANCE SHEET
ALL FIRE DISTRICT FUNDS
June 30, 2013**

	Rhems	No. 1 Township	Tri- Community	Little Swift Creek	No. 3 Township	No. 5 Township	No. 6 Township	No. 7 Township	West New Bern	No. 9 Township	Sandy Point Service District	Totals
ASSETS												
Cash and cash equivalents	\$ 11,884	\$ 12,780	\$ 17,595	\$ 11,330	\$ 15,258	\$ 4,123	\$ 24,845	\$ 23,572	\$ 32,831	\$ 18,270	\$ -	\$ 172,488
Taxes receivable	3,649	5,141	4,165	3,062	4,794	6,740	3,155	4,534	4,819	5,390	295	45,744
Accounts receivable	13,678	12,672	15,210	7,413	11,294	15,320	16,773	19,891	21,664	10,428	394	144,737
Total assets	<u>\$ 29,211</u>	<u>\$ 30,593</u>	<u>\$ 36,970</u>	<u>\$ 21,805</u>	<u>\$ 31,346</u>	<u>\$ 26,183</u>	<u>\$ 44,773</u>	<u>\$ 47,997</u>	<u>\$ 59,314</u>	<u>\$ 34,088</u>	<u>\$ 689</u>	<u>\$ 362,969</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES												
Liabilities:												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17	\$ 17
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17</u>	<u>17</u>
Deferred inflows of resources:												
Tax receivable	3,649	5,141	4,166	3,062	4,794	6,741	3,155	4,535	4,817	5,391	296	45,747
Total deferred inflows of resources	<u>3,649</u>	<u>5,141</u>	<u>4,166</u>	<u>3,062</u>	<u>4,794</u>	<u>6,741</u>	<u>3,155</u>	<u>4,535</u>	<u>4,817</u>	<u>5,391</u>	<u>296</u>	<u>45,747</u>
Fund Balances:												
Restricted:												
Stabilization by state statute	13,678	12,672	15,210	7,413	11,294	15,320	16,773	19,891	21,664	10,428	376	144,719
Public safety	11,884	12,780	17,594	11,330	15,258	4,122	24,845	23,571	32,833	18,269	-	172,486
Total fund balances	<u>25,562</u>	<u>25,452</u>	<u>32,804</u>	<u>18,743</u>	<u>26,552</u>	<u>19,442</u>	<u>41,618</u>	<u>43,462</u>	<u>54,497</u>	<u>28,697</u>	<u>376</u>	<u>317,205</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 29,211</u>	<u>\$ 30,593</u>	<u>\$ 36,970</u>	<u>\$ 21,805</u>	<u>\$ 31,346</u>	<u>\$ 26,183</u>	<u>\$ 44,773</u>	<u>\$ 47,997</u>	<u>\$ 59,314</u>	<u>\$ 34,088</u>	<u>\$ 689</u>	<u>\$ 362,969</u>

CRAVEN COUNTY, NORTH CAROLINA

DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL FIRE DISTRICT FUNDS

For the Fiscal Year Ended June 30, 2013

	Rhems	No. 1 Township	Tri- Community	Little Swift Creek	No. 3 Township	No. 5 Township	No. 6 Township	No. 7 Township	West New Bern	No. 9 Township	Sandy Point Service District	Totals
REVENUES												
Taxes:												
Property	\$ 172,306	\$ 160,490	\$ 188,452	\$ 94,475	\$ 141,304	\$ 192,268	\$ 213,185	\$ 249,676	\$ 275,211	\$ 132,120	\$ 4,668	\$ 1,824,155
Sales	50,791	47,189	56,617	27,565	42,005	57,015	62,424	74,039	80,642	38,814	1,456	538,557
Total revenues	223,097	207,679	245,069	122,040	183,309	249,283	275,609	323,715	355,853	170,934	6,124	2,362,712
EXPENDITURES												
Remittances to fire districts	199,140	187,264	245,620	124,249	177,809	267,949	285,770	323,347	337,308	163,178	-	2,311,634
Workers' compensation	2,860	4,485	5,655	2,600	4,957	2,470	2,860	3,965	4,355	3,185	-	37,392
Miscellaneous	1,085	1,085	1,085	1,086	2,723	1,085	1,086	1,085	1,085	866	-	12,271
Total expenditures	203,085	192,834	252,360	127,935	185,489	271,504	289,716	328,397	342,748	167,229	-	2,361,297
Excess of revenues over (under) expenditures	20,012	14,845	(7,291)	(5,895)	(2,180)	(22,221)	(14,107)	(4,682)	13,105	3,705	6,124	1,415
OTHER FINANCING SOURCES (USES)												
Transfers in (out):												
Between fire districts	-	(6,868)	8,155	6,868	3,000	2,020	(2,020)	-	-	(3,000)	(8,155)	-
Total other financing sources (uses)	-	(6,868)	8,155	6,868	3,000	2,020	(2,020)	-	-	(3,000)	(8,155)	-
Net change in fund balances	20,012	7,977	864	973	820	(20,201)	(16,127)	(4,682)	13,105	705	(2,031)	1,415
FUND BALANCES												
Beginning	5,550	17,475	31,940	17,770	25,732	39,643	57,745	48,144	41,392	27,992	2,407	315,790
Ending	\$ 25,562	\$ 25,452	\$ 32,804	\$ 18,743	\$ 26,552	\$ 19,442	\$ 41,618	\$ 43,462	\$ 54,497	\$ 28,697	\$ 376	\$ 317,205

**CRAVEN COUNTY, NORTH CAROLINA
RHEMS FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 169,858	\$ 172,306	\$ 2,448
Sales	46,584	50,791	4,207
Total revenues	<u>216,442</u>	<u>223,097</u>	<u>6,655</u>
EXPENDITURES			
Remittances to fire districts	199,140	199,140	-
Workers' compensation	2,860	2,860	-
Capital outlay	13,552	-	13,552
Miscellaneous	1,085	1,085	-
Total expenditures	<u>216,637</u>	<u>203,085</u>	<u>13,552</u>
Excess of revenue over (under) expenditures	(195)	20,012	20,207
Appropriated fund balance	<u>195</u>	<u>-</u>	<u>(195)</u>
Revenues and appropriated fund balance over expenditures	<u>\$ -</u>	<u>20,012</u>	<u>\$ 20,012</u>
FUND BALANCE			
Beginning		<u>5,550</u>	
Ending		<u>\$ 25,562</u>	

**CRAVEN COUNTY, NORTH CAROLINA
NO 1. TOWNSHIP FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 154,224	\$ 160,490	\$ 6,266
Sales	43,153	47,189	4,036
Total revenues	<u>197,377</u>	<u>207,679</u>	<u>10,302</u>
EXPENDITURES			
Remittances to fire districts	187,264	187,264	-
Workers' compensation	4,485	4,485	-
Miscellaneous	1,085	1,085	-
Total expenditures	<u>192,834</u>	<u>192,834</u>	<u>-</u>
Excess of revenue over expenditures	4,543	14,845	10,302
OTHER FINANCING USES			
Transfers out:			
To Little Swift Creek Fire District Fund	(6,868)	(6,868)	-
Total other financing uses	<u>(6,868)</u>	<u>(6,868)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing uses	(2,325)	7,977	10,302
Appropriated fund balance	<u>2,325</u>	<u>-</u>	<u>(2,325)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>7,977</u>	<u>\$ 7,977</u>
FUND BALANCE			
Beginning		<u>17,475</u>	
Ending		<u>\$ 25,452</u>	

**CRAVEN COUNTY, NORTH CAROLINA
TRI-COMMUNITY FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 186,341	\$ 188,452	\$ 2,111
Sales	51,799	56,617	4,818
Total revenues	238,140	245,069	6,929
EXPENDITURES			
Remittances to fire districts	245,620	245,620	-
Workers' compensation	5,655	5,655	-
Miscellaneous	1,085	1,085	-
Total expenditures	252,360	252,360	-
Excess of revenue over (under) expenditures	(14,220)	(7,291)	6,929
OTHER FINANCING SOURCES			
Transfers in:			
From Sandy Point	8,155	8,155	-
Total other financing sources	8,155	8,155	-
Excess of revenues and other financing sources over (under) expenditures	(6,065)	864	6,929
Appropriated fund balance	6,065	-	(6,065)
Revenues, other sources, and appropriated fund balance over (under) expenditures	\$ -	864	\$ 864
FUND BALANCE			
Beginning		31,940	
Ending		\$ 32,804	

**CRAVEN COUNTY, NORTH CAROLINA
LITTLE SWIFT CREEK FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 91,389	\$ 94,475	\$ 3,086
Sales	25,243	27,565	2,322
Total revenues	116,632	122,040	5,408
EXPENDITURES			
Remittances to fire districts	124,249	124,249	-
Workers' compensation	2,665	2,600	65
Miscellaneous	1,086	1,086	-
Total expenditures	128,000	127,935	65
Excess of revenue over (under) expenditures	(11,368)	(5,895)	5,473
OTHER FINANCING SOURCES			
Transfers in:			
From Township No. 1 Fire District Fund	6,868	6,868	-
Total other financing sources	6,868	6,868	-
Excess of revenues and other financing sources over (under) expenditures	(4,500)	973	5,473
Appropriated fund balance	4,500	-	(4,500)
Revenues, other sources, and appropriated fund balance over (under) expenditures	\$ -	973	\$ 973
FUND BALANCE			
Beginning		17,770	
Ending		\$ 18,743	

**CRAVEN COUNTY, NORTH CAROLINA
NO. 3 TOWNSHIP FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 138,091	\$ 141,304	\$ 3,213
Sales	38,450	42,005	3,555
Total revenues	176,541	183,309	6,768
EXPENDITURES			
Remittances to fire districts	178,069	177,809	260
Workers' compensation	5,314	4,957	357
Miscellaneous	2,723	2,723	-
Total expenditures	186,106	185,489	617
Excess of revenue over (under) expenditures	(9,565)	(2,180)	7,385
OTHER FINANCING SOURCES			
Transfers in:			
From Township No. 9 Fire District Fund	3,000	3,000	-
Total other financing sources	3,000	3,000	-
Excess of revenues and other financing sources over (under) expenditures	(6,565)	820	7,385
Appropriated fund balance	6,565	-	(6,565)
Revenues, other sources, and appropriated fund balance over (under) expenditures	\$ -	820	\$ 820
FUND BALANCE			
Beginning		25,732	
Ending		\$ 26,552	

**CRAVEN COUNTY, NORTH CAROLINA
NO. 5 TOWNSHIP FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 187,190	\$ 192,268	\$ 5,078
Sales	52,164	57,015	4,851
Total revenues	<u>239,354</u>	<u>249,283</u>	<u>9,929</u>
EXPENDITURES			
Remittances to fire districts	267,949	267,949	-
Workers' compensation	2,470	2,470	-
Miscellaneous	1,085	1,085	-
Total expenditures	<u>271,504</u>	<u>271,504</u>	<u>-</u>
Excess of revenue over (under) expenditures	(32,150)	(22,221)	9,929
OTHER FINANCING SOURCES			
Transfers in:			
From Township No. 6	2,020	2,020	-
Total other financing sources	<u>2,020</u>	<u>2,020</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	(30,130)	(20,201)	9,929
Appropriated fund balance	<u>30,130</u>	-	(30,130)
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	(20,201)	<u>\$ (20,201)</u>
FUND BALANCE			
Beginning		<u>39,643</u>	
Ending		<u>\$ 19,442</u>	

**CRAVEN COUNTY, NORTH CAROLINA
NO. 6 TOWNSHIP FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 205,138	\$ 213,185	\$ 8,047
Sales	57,110	62,424	5,314
Total revenues	<u>262,248</u>	<u>275,609</u>	<u>13,361</u>
EXPENDITURES			
Remittances to fire districts	285,770	285,770	-
Workers' compensation	2,860	2,860	-
Miscellaneous	1,086	1,086	-
Total expenditures	<u>289,716</u>	<u>289,716</u>	<u>-</u>
Excess of revenue (under) over expenditures	(27,468)	(14,107)	13,361
OTHER FINANCING USES			
Transfers out:			
To Township No. 5	(2,020)	(2,020)	-
Total other financing uses	<u>(2,020)</u>	<u>(2,020)</u>	<u>-</u>
Excess of revenues and other financing uses over (under) expenditures	(29,488)	(16,127)	13,361
Appropriated fund balance	<u>29,488</u>	<u>-</u>	<u>(29,488)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(16,127)</u>	<u>\$ (16,127)</u>
FUND BALANCE			
Beginning		<u>57,745</u>	
Ending		<u>\$ 41,618</u>	

**CRAVEN COUNTY, NORTH CAROLINA
NO. 7 TOWNSHIP FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 244,379	\$ 249,676	\$ 5,297
Sales	67,739	74,039	6,300
Total revenues	312,118	323,715	11,597
EXPENDITURES			
Remittances to fire districts	323,347	323,347	-
Workers' compensation	3,965	3,965	-
Miscellaneous	1,085	1,085	-
Total expenditures	328,397	328,397	-
Excess of revenue over (under) expenditures	(16,279)	(4,682)	11,597
OTHER FINANCING SOURCES			
Appropriated fund balance	16,279	-	(16,279)
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(4,682)</u>	<u>\$ (4,682)</u>
FUND BALANCE			
Beginning		<u>48,144</u>	
Ending		<u>\$ 43,462</u>	

**CRAVEN COUNTY, NORTH CAROLINA
WEST NEW BERN FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 264,913	\$ 275,211	\$ 10,298
Sales	73,776	80,642	6,866
Total revenues	<u>338,689</u>	<u>355,853</u>	<u>17,164</u>
EXPENDITURES			
Remittances to fire districts	337,308	337,308	-
Workers' compensation	4,355	4,355	-
Miscellaneous	1,085	1,085	-
Total expenditures	<u>342,748</u>	<u>342,748</u>	<u>-</u>
Excess of revenue over (under) expenditures	(4,059)	13,105	17,164
OTHER FINANCING SOURCES			
Appropriated fund balance	<u>4,059</u>	<u>-</u>	<u>(4,059)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>13,105</u>	<u>\$ 13,105</u>
FUND BALANCE			
Beginning		<u>41,392</u>	
Ending		<u>\$ 54,497</u>	

**CRAVEN COUNTY, NORTH CAROLINA
NO. 9 TOWNSHIP FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 127,656	\$ 132,120	\$ 4,464
Sales	35,508	38,814	3,306
Total revenues	163,164	170,934	7,770
EXPENDITURES			
Remittances to fire districts	163,178	163,178	-
Workers' compensation	3,185	3,185	-
Miscellaneous	866	866	-
Total expenditures	167,229	167,229	-
Excess of revenue over (under) expenditures	(4,065)	3,705	7,770
OTHER FINANCING USES			
Transfers out:			
To Township No. 3 Fire District Fund	(3,000)	(3,000)	-
Total other financing uses	(3,000)	(3,000)	-
Excess of revenues over (under) expenditures and other financing sources (uses)	(7,065)	705	7,770
Appropriated fund balance	7,065	-	(7,065)
Revenues, other uses, and appropriated fund balance over (under) expenditures	\$ -	705	\$ 705
FUND BALANCE			
Beginning		27,992	
Ending		\$ 28,697	

**CRAVEN COUNTY, NORTH CAROLINA
SANDY POINT SERVICE DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 4,825	\$ 4,668	\$ (157)
Sales	1,330	1,456	126
Total revenues	<u>6,155</u>	<u>6,124</u>	<u>(31)</u>
OTHER FINANCING USES			
Transfers out:			
To Tri-Community Fire District Fund	(8,155)	(8,155)	-
Total other financing uses	<u>(8,155)</u>	<u>(8,155)</u>	<u>-</u>
Excess of revenues under expenditures and other financing sources (uses)	(2,000)	(2,031)	(31)
Appropriated fund balance	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
Revenues, other uses, and appropriated fund balance under expenditures	<u>\$ -</u>	<u>(2,031)</u>	<u>\$ (2,031)</u>
FUND BALANCE			
Beginning		<u>2,407</u>	
Ending		<u>\$ 376</u>	

CRAVEN COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM E-911 FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 295,700	\$ 295,700	\$ -
Interest	4,000	3,838	(162)
Total revenues	299,700	299,538	(162)
EXPENDITURES			
Public safety	630,348	125,421	504,927
Total expenditures	630,348	125,421	504,927
Excess of revenue over (under) expenditures	(330,648)	174,117	504,765
Appropriated fund balance	330,648	-	(330,648)
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>174,117</u>	<u>\$ 174,117</u>
FUND BALANCE			
Beginning		<u>840,252</u>	
Ending		<u>\$ 1,014,369</u>	

**CRAVEN COUNTY, NORTH CAROLINA
OCCUPANCY TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 891,918	\$ 827,554	\$ (64,364)
Interest	-	310	310
Total revenues	891,918	827,864	(64,054)
EXPENDITURES			
Economic and physical development:			
Remittance to City of Havelock	97,000	97,000	-
Professional services	40	29	(11)
Total expenditures	97,040	97,029	11
Excess of revenue over expenditures	794,878	730,835	(64,043)
OTHER FINANCING USES			
Transfers out:			
To General Fund	(794,878)	(794,878)	-
Excess of revenues over expenditures and other financing uses	<u>\$ -</u>	(64,043)	<u>\$ (64,043)</u>
FUND BALANCE			
Beginning		111,018	
Ending		<u>\$ 46,975</u>	

**CRAVEN COUNTY, NORTH CAROLINA
CDBG FY 10 CONTINGENCY INFRASTRUCTRE**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

From Inception and for the Fiscal Year Ended June 30, 2013

		Actual		
	Total Project Estimates	Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 501,648	\$ 181,295	\$ 320,353	\$ 501,648
Total revenue	501,648	181,295	320,353	501,648
EXPENDITURES				
Economic and physical development:				
Expenditures	488,585	193,487	295,098	488,585
Total expenditures	488,585	193,487	295,098	488,585
Excess of revenues over (under) expenditures	13,063	(12,192)	25,255	13,063
OTHER FINANCING USES				
Transfers out:				
To General Fund	(10,683)	-	(10,683)	(10,683)
To Water Operating Fund	(2,380)	-	(2,380)	(2,380)
Total other financing uses	(13,063)	-	(13,063)	(13,063)
Excess of revenues over expenditures and other financing uses	\$ -	\$ (12,192)	12,192	\$ -
FUND BALANCE				
Beginning			(12,192)	
Ending			\$ -	

**CRAVEN COUNTY, NORTH CAROLINA
CDBG FY 12 SCATTERED SITES**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

From Inception and for the Fiscal Year Ended June 30, 2013

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 225,000	\$ -	\$ -	\$ -
Total revenue	225,000	-	-	-
EXPENDITURES				
Economic and physical development:				
Expenditures	225,000	-	7,566	7,566
Total expenditures	225,000	-	7,566	7,566
Excess of revenues under expenditures	\$ -	\$ -	(7,566)	\$ (7,566)
FUND BALANCE				
Beginning			-	
Ending			\$ (7,566)	

CRAVEN COUNTY, NORTH CAROLINA
CDBG FY12 SBEA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2013

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 250,000	\$ -	\$ -	\$ -
Total revenue	250,000	-	-	-
EXPENDITURES				
Economic and physical development:				
Expenditures	250,000	-	3,581	3,581
Total expenditures	250,000	-	3,581	3,581
Excess of revenues under expenditures	\$ -	\$ -	(3,581)	\$ (3,581)
FUND BALANCE				
Beginning			-	
Ending			\$ (3,581)	

CRAVEN COUNTY, NORTH CAROLINA
PAMLICO SOUND REGIONAL HAZARD MITIGATION PLAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2013

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Intergovernmental	\$ 80,000	\$ -	\$ -	\$ -
Total revenue	80,000	-	-	-
EXPENDITURES				
Economic and physical development:				
Expenditures	80,000	-	8,743	8,743
Total expenditures	80,000	-	8,743	8,743
Excess of revenues under expenditures	\$ -	\$ -	(8,743)	\$ (8,743)
FUND BALANCE				
Beginning			-	
Ending			\$ (8,743)	



DEBT SERVICE FUND

The debt service fund is being used to account for the accumulation of resources and payment of general obligation school bond and installment loans principal and interest from intergovernmental and local resources. The fund is accounted for on the modified accrual basis of accounting.

Craven County



**CRAVEN COUNTY, NORTH CAROLINA
DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Year Ended June 30, 2013**

	Budget	Actual	Variance Positive
REVENUES			
Intergovernmental-lottery proceeds	\$ 1,000,000	\$ 1,010,010	\$ 10,010
Interest	10,000	834	(9,166)
Total revenues	1,010,000	1,010,844	844
EXPENDITURES			
Principal	4,258,100	4,258,100	-
Interest and fiscal charges	1,574,703	1,525,429	49,274
Total expenditures	5,832,803	5,783,529	49,274
Excess of revenue over (under) expenditures	(4,822,803)	(4,772,685)	50,118
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	4,312,244	4,404,698	92,454
Total other financing sources	4,312,244	4,404,698	92,454
Excess of revenues over (under) expenditures and other financing sources	(510,559)	(367,987)	142,572
Appropriated fund balance	510,559	-	(510,559)
Revenues, other sources, and appropriated fund balance over (under) expenditures	\$ -	(367,987)	\$ (367,987)
FUND BALANCE			
Beginning		745,260	
Ending		\$ 377,273	

Craven County



CAPITAL PROJECT FUNDS

Capital Project Funds account for all resources used for the acquisition and/or construction of major capital facilities other than those furnished by Enterprise Funds.

The following comprise the County's Capital Project Funds:

Major Fund:

- **County Reserve Fund** – The County Reserve Capital Project Fund is a capital reserve fund for future acquisitions or construction of buildings and equipment.

Non-major Funds:

- **Latham-Whitehurst Nature Park Project Fund** – The Latham-Whitehurst Nature Park Project Fund will account for improvements to a nature park, funded by a state grant.
- **Qualified School Construction Bond Fund** – The Qualified School Construction Bond Fund is for improvements at eight schools within the County including roof replacements, HVAC improvements, bathroom renovations, and door and window replacements with any interest costs being reimbursed by federal grants.
- **EOC 911 Renovation Fund** – The EOC 911 Renovation Fund is for renovations of the former Sheriff office to an emergency operations center in addition to the expansion of the current EOC 911 location center.

All Capital Project Funds are accounted for on the modified accrual basis of accounting.

**CRAVEN COUNTY, NORTH CAROLINA
COUNTY RESERVE CAPITAL PROJECT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

From Inception and for the Fiscal Year Ended June 30, 2013

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Interest	\$ 533,858	\$ 986,122	\$ 35,045	\$ 1,021,167
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From General Fund	16,983,891	18,774,431	1,888,520	20,662,951
To Judicial Center Capital Project Fund	(7,500,000)	(2,500,000)	-	(2,500,000)
To General Fund	(6,516,211)	(5,659,466)	(1,180,989)	(6,840,455)
To EOC/911 Renovation Fund	(1,101,477)	(238,394)	(863,083)	(1,101,477)
Between closed projects	(7,301,761)	(3,645,992)	-	(3,645,992)
Total other financing sources (uses)	(5,435,558)	6,730,579	(155,552)	6,575,027
Excess of revenues over (under) other financing sources (uses)	(4,901,700)	7,716,701	(120,507)	7,596,194
Appropriated fund balance	4,901,700	-	-	-
Revenues, other sources, and appropriated fund balance over (under) expenditures	\$ -	\$ 7,716,701	(120,507)	\$ 7,596,194
FUND BALANCE				
Beginning			7,716,701	
Ending			\$ 7,596,194	

**CRAVEN COUNTY, NORTH CAROLINA
LATHAM-WHITEHURST NATURE PARK PROJECT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

From Inception and for the Fiscal Year Ended June 30, 2013

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
REVENUES				
Intergovernmental	\$ 500,000	\$ 452,269	\$ 47,731	\$ 500,000
Total revenues	500,000	452,269	47,731	500,000
EXPENDITURES				
Capital outlay:				
Engineering fees	64,565	64,565	-	64,565
Project construction	435,435	417,897	17,538	435,435
Total expenditures	500,000	482,462	17,538	500,000
Excess of revenues under expenditures	\$ -	\$ (30,193)	30,193	\$ -
FUND BALANCE				
Beginning			(30,193)	

**CRAVEN COUNTY, NORTH CAROLINA
QUALIFIED SCHOOL CONSTRUCTION BOND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

From Inception and for the Fiscal Year Ended June 30, 2013

	Actual			
	Total Project Estimates	Prior Years	Current Year	Total To Date
REVENUES				
Interest	\$ 3,352	\$ 3,182	\$ 170	\$ 3,352
Total revenues	3,352	3,182	170	3,352
EXPENDITURES				
Capital outlay:				
Project construction	2,166,352	1,593,072	573,280	2,166,352
Total expenditures	2,166,352	1,593,072	573,280	2,166,352
OTHER FINANCING SOURCES				
Debt issued	2,163,000	2,163,000	-	2,163,000
Total other financing sources	2,163,000	2,163,000	-	2,163,000
 Excess of revenues under (under) expenditures	 \$ -	 \$ 573,110	 (573,110)	 \$ -
FUND BALANCE				
Beginning			573,110	
Ending			\$ -	

CRAVEN COUNTY, NORTH CAROLINA
EOC 911 RENOVATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2013

	Actual			
	Total Project Estimates	Prior Years	Current Year	Total To Date
EXPENDITURES				
Capital outlay:				
Project construction	\$ 1,507,571	\$ 86,181	\$ 513,611	\$ 599,792
Total expenditures	1,507,571	86,181	513,611	599,792
OTHER FINANCING SOURCES				
Transfers in:				
From General Fund	353,945	340,945	13,000	353,945
From County Reserve Capital Project Fund	1,101,477	238,394	863,083	1,101,477
From E911 Fund	52,149	52,149	-	52,149
Total other financing sources	1,507,571	631,488	876,083	1,507,571
Excess of other financing sources over expenditures	\$ -	\$ 545,307	362,472	\$ 907,779
FUND BALANCE				
Beginning			545,307	
Ending			\$ 907,779	

Craven County



ENTERPRISE FUNDS

Enterprise Funds account for operations that are either financed and operated in a manner similar to private business or where the County has decided that periodic determination of net income is appropriate for capital maintenance, management control accountability, public policy or other purposes.

The following comprise the County's Enterprise Funds:

Water and Sewer Funds – The Water and Sewer Funds are used to account for the operation of water services provided throughout Craven County.

- Craven County Water Fund (Major Fund)

The following Water and Sewer Districts comprise the County's Blended Component Units:

- Neuse River Water and Sewer District
- Northwest Craven Water and Sewer District

CRAVEN COUNTY, NORTH CAROLINA

**SCHEDULE OF NET POSITION-
CRAVEN COUNTY WATER FUND
June 30, 2013**

	Craven County Water Operating Fund	Castle Hayne Aquifer Project Fund	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 14,407,923	\$ -	\$ 14,407,923
Short-term investments	-	1,990,803	1,990,803
Accounts receivable, net of allowance for doubtful accounts	787,368	5,890	793,258
Due from other funds	771,826	-	771,826
Total current assets	15,967,117	1,996,693	17,963,810
Noncurrent assets:			
Capital assets:			
Land	668,101	279,253	947,354
Improvements other than buildings	29,250,499	457,673	29,708,172
Buildings	563,318	-	563,318
Machinery and equipment	383,371	-	383,371
Construction in progress	-	2,324,343	2,324,343
Accumulated depreciation	(14,016,778)	-	(14,016,778)
Total capital assets, net of accumulated depreciation	16,848,511	3,061,269	19,909,780
Total noncurrent assets	16,848,511	3,061,269	19,909,780
Total assets	32,815,628	5,057,962	37,873,590
LIABILITIES			
Current liabilities:			
Accounts payable	4,702	185,268	189,970
Due to other funds	-	771,826	771,826
Accrued salaries and benefits	18,370	-	18,370
Customer deposits payable	302,554	-	302,554
Compensated absences liability - current	22,755	-	22,755
Obligations under capital lease - current	80,114	-	80,114
Total current liabilities	428,495	957,094	1,385,589
Noncurrent liabilities			
Compensated absences liability	24,146	-	24,146
Other postemployment benefit liability	38,072	-	38,072
Debt payable	-	1,859,487	1,859,487
Obligations under capital lease	885,520	-	885,520
Total noncurrent liabilities	947,738	1,859,487	2,807,225
Total liabilities	1,376,233	2,816,581	4,192,814
NET POSITION			
Capital assets, net of related debt	15,882,877	3,061,269	18,944,146
Unrestricted	15,556,518	(819,888)	14,736,630
Total net position	\$ 31,439,395	\$ 2,241,381	\$ 33,680,776

CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY WATER FUND

DETAILED SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2013

	Craven County Water Operating Fund	Castle Hayne Aquifer Project Fund	Totals
OPERATING REVENUES			
Charges for services	\$ 3,733,491	\$ -	\$ 3,733,491
Miscellaneous	103,389	7,553	110,942
Total operating revenues	3,836,880	7,553	3,844,433
OPERATING EXPENSES			
Cost of services	1,500,853	-	1,500,853
Depreciation	900,773	-	900,773
Total operating expenses	2,401,626	-	2,401,626
Operating income	1,435,254	7,553	1,442,807
NONOPERATING REVENUES			
Interest income	70,659	-	70,659
Total nonoperating revenues	70,659	-	70,659
Income before transfers	1,505,913	7,553	1,513,466
TRANSFERS IN (OUT):			
Between Water and Sewer funds	(887,021)	859,671	(27,350)
From General Fund	18,000	-	18,000
From Non-Major Governmental Funds	2,380	-	2,380
To General Fund	(123,000)	-	(123,000)
Total transfers in (out)	(989,641)	859,671	(129,970)
Change in net position	516,272	867,224	1,383,496
Net position, beginning	30,923,123	1,374,157	32,297,280
Net position, ending	\$ 31,439,395	\$ 2,241,381	\$ 33,680,776

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY WATER FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS**

For the Fiscal Year Ended June 30, 2013

(Page 1 of 2)

	Budget	Actual	Variance, Positive (Negative)
OPERATING REVENUES			
Water and sewer sales	\$ 3,300,500	\$ 3,558,408	\$ 257,908
Tap and permit fees	199,800	175,083	(24,717)
Miscellaneous	90,000	103,389	13,389
Total operating revenues	3,590,300	3,836,880	246,580
OPERATING EXPENDITURES			
Personnel services:			
Salaries	504,984	492,676	12,308
Employee benefits	149,920	149,200	720
Retirement	33,161	32,285	876
Professional services:			
Audit and accounting fees	1,000	738	262
Legal fees	10,500	2,242	8,258
Engineering fees	15,000	11,683	3,317
Contractual services	51,005	45,519	5,486
Operating supplies	26,000	18,513	7,487
Utilities	285,000	258,094	26,906
Maintenance and repairs:			
Systems	140,000	115,434	24,566
Building and grounds	59,000	51,884	7,116
Vehicle expense	77,169	74,658	2,511
Equipment	11,700	4,268	7,432
Insurance	28,360	28,359	1
Tap outlays	35,000	34,475	525
Telephone and postage	22,000	18,091	3,909
Lockbox	98,000	96,113	1,887
Chemical and lab work	55,000	42,630	12,370
Capital outlay	1,809,520	33,063	1,776,457
Miscellaneous	35,901	23,991	11,910
Total operating expenditures	3,448,220	1,533,916	1,914,304
Excess of operating revenues over operating expenditures	142,080	2,302,964	2,160,884
NONOPERATING REVENUES (EXPENDITURES)			
Interest income	75,000	70,659	(4,341)
Interest paid	(31,965)	(27,350)	4,615
Principal payments	(80,114)	(80,114)	-
Total nonoperating revenues (expenditures)	(37,079)	(36,805)	274
Excess of revenues over expenditures	105,001	2,266,159	2,161,158

Continued

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY WATER FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS**

For the Fiscal Year Ended June 30, 2013

(Page 2 of 2)

	Budget	Actual	Variance, Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Transfers in (out):			
From General Fund	\$ 18,000	\$ 18,000	\$ -
From Non-Major Governmental Fund	-	2,380	
Between Water Funds	(3,813,911)	(859,671)	2,954,240
To General Fund	(123,000)	(123,000)	-
Total other financing sources (uses)	<u>(3,918,911)</u>	<u>(962,291)</u>	<u>2,956,620</u>
 Excess of revenues over (under) expenditures and other financing sources (uses)	 (3,813,910)	 1,303,868	 5,117,778
 Appropriated fund balance	 3,813,910	 -	 (3,813,910)
 Revenues, other sources, and appropriated fund balance over (under) expenditures	 \$ -	 \$ 1,303,868	 \$ 1,303,868

**Reconciliation of modified accrual basis with full
accrual basis:**

Excess of revenues over (under) expenditures and other financing sources (uses), modified accrual basis, above	\$ 1,303,868
Capital outlay	33,063
Payment on obligation under capital lease payable	80,114
Depreciation	<u>(900,773)</u>
 Change in net position, full accrual basis	 <u>\$ 516,272</u>

**CRAVEN COUNTY, NORTH CAROLINA
CASTLE HAYNE AQUIFER CAPITAL PROJECT FUND**

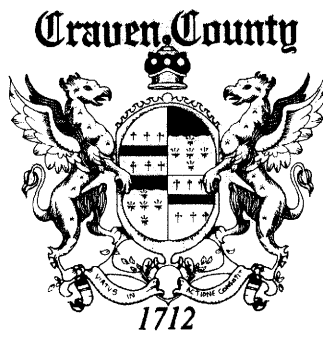
**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
From Inception and for the Fiscal Year Ended June 30, 2013**

	Total Project Estimates	Prior Years	Actual Current Year	Total To Date
REVENUES				
Interest revenue	\$ 330	\$ 2,247	\$ 7,553	\$ 9,800
EXPENDITURES				
Miscellaneous	9,348	9,348	-	9,348
Capital outlay				
General construction	902,158	404,194	497,962	902,156
Chemical and lab work	4,800	4,800	-	4,800
Contractual services	486,331	313,390	158,721	472,111
Engineering	3,843,804	349,382	1,323,472	1,672,854
Total expenditures	5,246,441	1,081,114	1,980,155	3,061,269
Excess of revenues under expenditures	(5,246,111)	(1,078,867)	(1,972,602)	(3,051,469)
OTHER FINANCING SOURCES				
Installment loan proceeds	3,014,530	-	1,859,487	1,859,487
Transfers in:				
From Craven County Water Operating Fund	2,231,581	1,371,910	859,671	2,231,581
Total other financing sources	5,246,111	1,371,910	2,719,158	4,091,068
Excess of revenues over (under) expenditures and other financing sources	\$ -	\$ 293,043	\$ 746,556	\$ 1,039,599
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ 746,556	
Capital outlay			1,980,155	
Installment loan proceeds			(1,859,487)	
Change in net position, full accrual basis			<u>\$ 867,224</u>	

CRAVEN COUNTY, NORTH CAROLINA
BLENDED COMPONENT UNIT, NORTHWEST CRAVEN WATER AND SEWER DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
For the Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance, Positive (Negative)
NONOPERATING REVENUES (EXPENDITURES)			
Interest income	\$ 27,703	\$ 27,350	\$ (353)
Interest paid	(27,703)	(27,350)	353
Principal payment	(80,114)	(80,114)	-
Total nonoperating revenues (expenditures)	(80,114)	(80,114)	-
OTHER FINANCING SOURCES			
Direct financing lease proceeds	80,114	80,114	-
Excess of revenues and other financing sources over (under) expenditures	\$ -	\$ -	\$ -
Reconciliation of modified accrual basis with full accrual basis:			
Excess of revenues and other financing sources over (under) expenditures, modified accrual basis, above	\$ -		
Payment of bond principal		80,114	
Reduction of investment in direct financing lease receivable		(80,114)	
Net position, full accrual basis	\$ -		



INTERNAL SERVICE FUND

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis.

Internal Service Fund – This fund is used to finance and account for the County's health and dental insurance and workers' compensation program information.

Craven County



CRAVEN COUNTY, NORTH CAROLINA
INTERNAL SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
For the Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance, Favorable (Unfavorable)
OPERATING REVENUES			
Charge for services	\$ 4,466,000	\$ 4,294,339	\$ (171,661)
Miscellaneous	-	22,948	22,948
Total revenues	4,466,000	4,317,287	(148,713)
OPERATING EXPENDITURES			
Claims reimbursement	4,491,000	4,162,551	328,449
Excess of operating revenues over (under) operating expenditures	(25,000)	154,736	179,736
NONOPERATING REVENUES			
Interest income	25,000	18,884	(6,116)
Excess of revenues over expenditures	\$ -	\$ 173,620	\$ 173,620

Craven County



AGENCY FUNDS

Agency Funds serve primarily as clearing mechanisms for cash resources which are collected by a governmental unit, held as such for a brief period, and then distributed to authorized recipients.

The following comprise the County's Agency Funds:

Social Services Trust Fund – The Social Services Trust Fund is for funds received by the County by court order on behalf of citizens who are unable to expend for themselves.

Department of Motor Vehicle Interest Fund – The Motor Vehicle Tax Fund accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles and accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

Municipal Property Tax Fund – The Municipal Property Tax Fund accounts for registered motor vehicle and real property taxes that are billed and collected by the County for various municipalities within the County.

Agency funds are accounted for on a cash receipts and disbursements basis.

CRAVEN COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET

ALL AGENCY FUNDS

June 30, 2013

	Social Services Trust Fund
	<hr/>
ASSETS	
Cash	\$ 95,945
	<hr/>
LIABILITIES	
Liabilities:	
Accounts payable and accrued liabilities	\$ 95,945
	<hr/>

CRAVEN COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Fiscal Year Ended June 30, 2013**

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
Social Services Trust Fund:				
Assets, cash and investments	\$ 77,619	\$ 18,326	\$ -	\$ 95,945
Liabilities, accounts payable and accrued liabilities	\$ 77,619	\$ 18,326	\$ -	\$ 95,945
Department of Motor Vehicle Interest Fund:				
Assets, cash and investments	\$ -	\$ 116,783	\$ 116,783	\$ -
Liabilities, accounts payable and accrued liabilities	\$ -	\$ 116,783	\$ 116,783	\$ -
Municipal Property Tax Fund:				
Assets, cash and investments	\$ -	\$ 7,019,476	\$ 7,019,476	\$ -
Liabilities, accounts payable and accrued liabilities	\$ -	\$ 7,019,476	\$ 7,019,476	\$ -
Totals - All Agency Funds:				
Assets, cash and investments	\$ 77,619	\$ 7,154,585	\$ 7,136,259	\$ 95,945
Liabilities, accounts payable and accrued liabilities	\$ 77,619	\$ 7,154,585	\$ 7,136,259	\$ 95,945

Craven County



**SUPPLEMENTARY INFORMATION –
DISCRETELY PRESENTED COMPONENT UNITS
WITHOUT SEPARATELY ISSUED FINANCIAL STATEMENTS**

The following is a discretely presented component unit, which is presented as if it were a special revenue fund:

- **Tourism Development Authority** – The Tourism Development Authority is used to account for occupancy tax revenues and related tourism expenditures.

The following is a discretely presented component unit, which is presented as if it were a proprietary fund.

- **Craven County Regional Airport Authority** – The Regional Airport Authority is used to account for the operations and capital project activity of the Regional Airport Authority.

**CRAVEN COUNTY, NORTH CAROLINA
TOURISM DEVELOPMENT AUTHORITY FUND
(A Component Unit)**

**DETAILED STATEMENT OF NET POSITION
June 30, 2013**

	<u>2013</u>
ASSETS	
Cash and cash equivalents	<u>\$ 284,381</u>
LIABILITIES AND NET POSITION	
Net position:	
Unrestricted	<u>284,381</u>
Total net position	<u>284,381</u>
Total liabilities and net position	<u>\$ 284,381</u>

**CRAVEN COUNTY, NORTH CAROLINA
TOURISM DEVELOPMENT AUTHORITY FUND
(A Component Unit)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013**

	Budget	Actual	Variance, Positive (Negative)
REVENUES			
Occupancy tax	\$ 439,088	\$ 450,470	\$ 11,382
Interest	2,000	835	(1,165)
Total revenues	441,088	451,305	10,217
EXPENDITURES			
Economic development	504,093	468,923	35,170
Change in net position	(63,005)	(17,618)	45,387
Fund balance appropriated	63,005	8,655	(54,350)
Net change in net position	-	(8,963)	(8,963)
NET POSITION			
Beginning	160,000	293,344	133,344
Ending	\$ 160,000	\$ 284,381	\$ 124,381
Reconciliation of modified accrual basis with full accrual basis			
Excess of revenues over expenditures, modified accrual basis, above		\$ (8,963)	
Net position, full accrual basis		\$ (8,963)	

CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY
(A Component Unit)

COMBINING STATEMENT OF NET POSITION
June 30, 2013

	Airport Authority Operating Fund	Airport Improvement Program No. 30 Project Fund	Airport Improvement Program No. 33 Project Fund	Airport Improvement Program No. 34 Project Fund	Airport Improvement Program No. 35 Project Fund	Airport Reserve Fund	Totals
ASSETS							
Cash and cash equivalents	\$ 1,804,392	\$ 507	\$ -	\$ -	\$ 29,763	\$ 584,453	\$ 2,419,115
Accounts receivable	153,539	-	143,226	4,644	15,197	-	316,606
Due from other funds	3,924	-	-	-	-	-	3,924
	<u>1,961,855</u>	<u>507</u>	<u>143,226</u>	<u>4,644</u>	<u>44,960</u>	<u>584,453</u>	<u>2,739,645</u>
Capital assets:							
Land	9,529,535	-	-	-	-	-	9,529,535
Buildings	9,360,713	-	-	-	-	-	9,360,713
Improvements other than buildings	15,946,780	-	-	-	-	-	15,946,780
Machinery and equipment	1,748,263	-	-	-	-	-	1,748,263
Construction in progress	-	154,907	46,764	1,162,609	5,678,898	-	7,043,178
Accumulated depreciation	(14,486,223)	-	-	-	-	-	(14,486,223)
Capital assets, net of accumulated depreciation	<u>22,099,068</u>	<u>154,907</u>	<u>46,764</u>	<u>1,162,609</u>	<u>5,678,898</u>	<u>-</u>	<u>29,142,246</u>
Total assets	<u>24,060,923</u>	<u>155,414</u>	<u>189,990</u>	<u>1,167,253</u>	<u>5,723,858</u>	<u>584,453</u>	<u>31,881,891</u>
LIABILITIES AND NET POSITION							
Liabilities:							
Accounts payable	23,771	50	136,065	-	-	-	159,886
Due to other funds	-	-	-	3,924	-	-	3,924
Accrued salaries and benefits	55,510	-	-	-	-	-	55,510
Accrued interest payable	4,134	-	-	-	-	-	4,134
Other postemployment benefit obligation	25,948	-	-	-	-	-	25,948
Installment note payable, net of deferred charges	381,381	-	-	-	-	-	381,381
Bonds payable	125,000	-	-	-	-	-	125,000
Total liabilities	<u>615,744</u>	<u>50</u>	<u>136,065</u>	<u>3,924</u>	<u>-</u>	<u>-</u>	<u>755,783</u>
Net position:							
Net investment in capital assets	21,592,687	154,857	46,764	1,162,609	5,678,898	-	28,635,815
Unrestricted	1,852,492	507	7,161	720	44,960	584,453	2,490,293
Total net position	<u>\$ 23,445,179</u>	<u>\$ 155,364</u>	<u>\$ 53,925</u>	<u>\$ 1,163,329</u>	<u>\$ 5,723,858</u>	<u>\$ 584,453</u>	<u>\$ 31,126,108</u>

CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY
(A Component Unit)

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2013

	Airport Authority Operating Fund	Airport Improvement Program No. 30 Project Fund	Airport Improvement Program No. 32 Project Fund	Airport Improvement Program No. 33 Project Fund	Airport Improvement Program No. 34 Project Fund	Airport Improvement Program No. 35 Project Fund	Airport Reserve Fund	Totals
OPERATING REVENUES								
Charges for services	\$ 2,194,630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,194,630
Total revenues	2,194,630	-	-	-	-	-	-	2,194,630
OPERATING EXPENSES								
Cost of sales and services	1,427,960	-	-	-	-	-	-	1,427,960
Depreciation and amortization	792,816	-	-	-	-	-	-	792,816
Total operating expenses	2,220,776	-	-	-	-	-	-	2,220,776
Operating loss	(26,146)	-	-	-	-	-	-	(26,146)
NONOPERATING REVENUES (EXPENSES)								
Interest income	6,436	-	-	-	-	-	3,842	10,278
Interest expense	(37,056)	-	-	-	-	-	-	(37,056)
Total nonoperating revenues	(30,620)	-	-	-	-	-	3,842	(26,778)
Income (Loss) before transfers	(56,766)	-	-	-	-	-	3,842	(52,924)
Transfers in (out) Airport Funds	1,015,077	-	(1,257,077)	-	-	612,850	(370,850)	-
Capital contributions - federal grants	406,393	-	6,666	(136,065)	37,719	5,111,008	-	5,425,721
Change in net position	1,364,704	-	(1,250,411)	(136,065)	37,719	5,723,858	(367,008)	5,372,797
Net position, beginning	22,080,475	155,364	1,250,411	189,990	1,125,610	-	951,461	25,753,311
Net position, ending	\$ 23,445,179	\$ 155,364	\$ -	\$ 53,925	\$ 1,163,329	\$ 5,723,858	\$ 584,453	\$ 31,126,108

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY
(A Component Unit)**

**COMBINING SCHEDULE OF CASH FLOWS
For the Fiscal Year Ended June 30, 2013**

	Airport Authority Operating Fund	Airport Improvement Program No. 30 Project Fund	Airport Improvement Program No. 32 Project Fund	Airport Improvement Program No. 33 Project Fund	Airport Improvement Program No. 34 Project Fund	Airport Improvement Program No. 35 Project Fund	Airport Reserve Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers and users	\$ 2,472,534	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,472,534
Payments to suppliers	(672,812)	-	-	-	-	-	-	(672,812)
Payments to employees	(754,510)	-	-	-	-	-	-	(754,510)
Net cash provided by operating activities	1,045,212	-	-	-	-	-	-	1,045,212
CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES								
Acquisition & construction of capital assets	(52,795)	-	(3,371)	143,226	(39,553)	(5,678,898)	-	(5,631,391)
Repayment of installment notes	(382,057)	-	-	-	-	-	-	(382,057)
Repayment of bonds	(175,000)	-	-	-	-	-	-	(175,000)
Receipts from capital grants	406,393	-	6,666	(143,226)	33,075	5,095,811	-	5,398,719
Interest paid	(42,641)	-	-	-	-	-	-	(42,641)
Net cash provided by (used in) capital and related financing activities	(246,100)	-	3,295	-	(6,478)	(583,087)	-	(832,370)
CASH FLOWS FROM (USED IN) NONCAPITAL FINANCING ACTIVITIES								
Due to (from) other funds	(3,924)	-	-	-	3,924	-	-	-
Transfers in	784,952	-	-	-	-	612,850	-	1,397,802
Transfers out	(1,022,850)	-	(4,105)	-	-	-	(370,850)	(1,397,805)
Net cash provided by (used in) noncapital financing activities	(241,822)	-	(4,105)	-	3,924	612,850	(370,850)	(3)
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest on cash and investments	6,436	-	-	-	-	-	3,842	10,278
Net cash provided by investing activities	6,436	-	-	-	-	-	3,842	10,278
Net increase (decrease) in cash and cash equivalents	563,726	-	(810)	-	(2,554)	29,763	(367,008)	223,117
CASH AND CASH EQUIVALENTS								
Beginning	1,240,666	507	810	-	2,554	-	951,461	2,195,998
Ending	\$ 1,804,392	\$ 507	\$ -	\$ -	\$ -	\$ 29,763	\$ 584,453	\$ 2,419,115
Reconciliation of operating loss to net cash provided by operating activities:								
Operating loss	\$ (26,146)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (26,146)
Adjustments to reconcile operating loss to net cash provided by operating activities:								
Depreciation and amortization	792,816	-	-	-	-	-	-	792,816
Change in assets and liabilities:								
Accounts receivable	277,904	-	-	-	-	-	-	277,904
Accounts payable and accrued expenses	638	-	-	-	-	-	-	638
Net cash provided by operating activities	\$ 1,045,212	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,045,212

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
OPERATING FUND**

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS**

For the Fiscal Year Ended June 30, 2013

(Page 1 of 2)

	Budget	Actual	Variance, Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 2,252,179	\$ 2,194,630	\$ (57,549)
OPERATING EXPENDITURES			
Personnel Services:			
Salaries	703,701	625,797	77,904
Employee benefits	124,516	109,189	15,327
Retirement	37,880	29,563	8,317
Professional Services:			
Audit and accounting fees	1,500	674	826
Legal fees	43,700	38,721	4,979
Contractual services	96,973	82,854	14,119
Operating supplies	69,200	57,261	11,939
Utilities	241,655	173,786	67,869
Maintenance and repairs:			
Building and grounds	111,149	73,211	37,938
Vehicle expense	30,000	17,276	12,724
Insurance	88,850	78,961	9,889
Telephone and postage	10,020	7,224	2,796
Capital outlay	125,662	52,795	72,867
Board Member fees	14,400	11,842	2,558
Miscellaneous	25,500	23,413	2,087
Travel/Training	20,700	5,451	15,249
Advertising	82,699	81,484	1,215
Dues and subscriptions	11,605	11,253	352
Total operating expenditures	1,839,710	1,480,755	358,955
Excess of operating revenues over (under) operating expenditures	412,469	713,875	(416,504)
NONOPERATING EXPENSES			
Interest income	4,250	6,436	2,186
Interest expense	(34,342)	(37,056)	(2,714)
Principal payments	(564,233)	(564,232)	1
Capital Contributions - intergovernmental grants	423,856	406,393	(17,463)
Total nonoperating expenses	(170,469)	(188,459)	(17,990)
Excess of revenues over expenditures	242,000	525,416	283,416

Continued

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
OPERATING FUND**

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS**

For the Fiscal Year Ended June 30, 2013

(Page 2 of 2)

	Budget	Actual	Variance, Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Transfers in (out):			
From airport project funds	\$ 780,850	\$ 2,037,927	\$ 1,257,077
To airport project funds	(1,022,850)	(1,022,850)	-
Total other financing sources (uses)	(242,000)	1,015,077	1,257,077
Excess revenues over expenditures and other financing sources (uses)	\$ -	\$ 1,540,493	\$ 1,540,493

**Reconciliation of modified accrual basis
with full accrual basis:**

Excess revenues over expenditures and other
financing sources, modified
accrual basis, above

\$ 1,540,493

Capital outlay

52,795

Depreciation

(792,816)

Principal payments

564,232

Net position, full accrual basis

\$ 1,364,704

CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
TERMINAL AREA DEVELOPMENT SITE NO. 30 CAPITAL PROJECT FUND

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
From Inception and for the Fiscal Year Ended June 30, 2013

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 739,503	\$ 729,867	\$ -	\$ 729,867
Total revenues	739,503	729,867	-	729,867
EXPENDITURES				
Capital outlay:				
Administrative	2,974	2,924	50	2,974
Capital outlay	34,434	28,799	-	28,799
Other	127,592	123,134	-	123,134
Total expenditures	165,000	154,857	50	154,907
Excess of revenues over (under) expenditures	574,503	575,010	(50)	574,960
OTHER FINANCING USES				
Transfers in (out):				
From Airport Operating Fund	38,922	38,922	-	38,922
To Airport Operating Fund	(613,425)	(613,425)	-	(613,425)
Total other financing uses	(574,503)	(574,503)	-	(574,503)
Excess of revenues over (under) expenditures and other financing sources	\$ -	\$ 507	\$ (50)	\$ 457
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ (50)	
Capital outlay			50	
Net position, full accrual basis			\$ -	

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
TERMINAL AREA DEVELOPMENT SITE NO. 32 CAPITAL PROJECT FUND**

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
From Inception and for the Fiscal Year Ended June 30, 2013**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 1,304,207	\$ 1,297,541	\$ 6,666	\$ 1,304,207
Total revenues	1,304,207	1,297,541	6,666	1,304,207
EXPENDITURES				
Capital outlay:				
Administrative	17,954	13,650	875	14,525
Architect	484,675	484,003	672	484,675
Capital outlay	614,882	613,060	1,822	614,882
Other	138,891	138,888	2	138,890
Total expenditures	1,256,402	1,249,601	3,371	1,252,972
Excess of revenues over expenditures	47,805	47,940	3,295	51,235
OTHER FINANCING USES				
Transfers in (out):				
From Airport Operating Fund	69,329	69,323	-	69,323
To Airport Operating Fund	(117,134)	(116,453)	(1,257,077)	(1,373,530)
Total other financing uses	(47,805)	(47,130)	(1,257,077)	(1,304,207)
Excess of other financing sources over (under) expenditures	\$ -	\$ 810	\$ (1,253,782)	\$ (1,252,972)
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ (1,253,782)	
Capital outlay			3,371	
Net position, full accrual basis			\$ (1,250,411)	

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
TERMINAL AREA DEVELOPMENT SITE NO. 33 CAPITAL PROJECT FUND**

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
From Inception and for the Fiscal Year Ended June 30, 2013**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 180,490	\$ 180,490	\$ (136,065)	\$ 44,425
Total revenues	180,490	180,490	(136,065)	44,425
EXPENDITURES				
Capital outlay:				
Capital outlay	\$ 189,990	\$ 189,990	\$ (143,226)	\$ 46,764
Total expenditures	189,990	189,990	(143,226)	46,764
Excess of revenues under expenditures	(9,500)	(9,500)	7,161	(2,339)
OTHER FINANCING SOURCES				
Transfers in:				
From Airport Operating Fund	\$ 9,500	9,500	-	9,500
Total other financing sources	9,500	9,500	-	9,500
Excess of other financing sources over (under) expenditures	\$ -	\$ -	\$ 7,161	\$ 7,161
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ 7,161	
Capital outlay			(143,226)	
Net position, full accrual basis			\$ (136,065)	

CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
TERMINAL AREA DEVELOPMENT SITE NO. 34 CAPITAL PROJECT FUND

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
From Inception and for the Fiscal Year Ended June 30, 2013

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 1,123,097	\$ 1,066,499	\$ 37,719	\$ 1,104,218
Total revenues	1,123,097	1,066,499	37,719	1,104,218
EXPENDITURES				
Capital outlay:				
Administrative	\$ 10,108	\$ 2,144	\$ 2,554	\$ 4,698
Architect	1,172,099	1,120,912	37,001	1,157,913
Total expenditures	1,182,207	1,123,056	39,555	1,162,611
Excess of revenues under expenditures	(59,110)	(56,557)	(1,836)	(58,393)
OTHER FINANCING SOURCES				
Transfers in:				
From Airport Operating Fund	59,110	59,111	-	59,111
Total other financing sources	59,110	59,111	-	59,111
Excess of other financing sources over (under) expenditures	\$ -	\$ 2,554	\$ (1,836)	\$ 718
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ (1,836)	
Capital outlay			39,555	
Net position, full accrual basis			\$ 37,719	

CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
TERMINAL AREA DEVELOPMENT SITE NO. 35 CAPITAL PROJECT FUND

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
From Inception and for the Fiscal Year Ended June 30, 2013

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 5,515,646	\$ -	\$ 5,111,008	\$ 5,111,008
Total revenues	5,515,646	-	5,111,008	5,111,008
EXPENDITURES				
Capital outlay:				
Administrative	\$ 20,172	\$ -	\$ 12,620	\$ 12,620
Architect	6,108,324	-	5,666,278	5,666,278
Total expenditures	6,128,496	-	5,678,898	5,678,898
Excess of revenues under expenditures	(612,850)	-	(567,890)	(567,890)
OTHER FINANCING SOURCES				
Transfers in:				
From Airport Operating Fund	612,850	-	612,850	612,850
Total other financing sources	612,850	-	612,850	612,850
Excess of other financing sources over expenditures	\$ -	\$ -	\$ 44,960	\$ 44,960
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over expenditures and other financing sources, modified accrual basis, above			\$ 44,960	
Capital outlay			5,678,898	
Net position, full accrual basis			\$ 5,723,858	

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
AIRPORT RESERVE FUND**

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
From Inception and for the Fiscal Year Ended June 30, 2013**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Interest	\$ -	\$ 31,697	\$ 3,842	\$ 35,539
Total revenues	-	31,697	3,842	35,539
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
To Airport Operating Fund	(370,850)	(271,437)	(370,850)	(642,287)
From Airport Operating Fund	-	1,191,201	-	1,191,201
Total other financing sources (uses)	(370,850)	919,764	(370,850)	548,914
Excess of revenues and other financing sources (uses) over expenditures	(370,850)	951,461	(367,008)	584,453
Appropriated fund balance	370,850	-	-	-
Revenues, other sources, and appropriated fund balance over (under) expenditures	\$ -	\$ 951,461	\$ (367,008)	\$ 584,453

**Reconciliation of modified accrual basis
with full accrual basis:**

Excess of revenues and other financing sources over expenditures, modified accrual basis, above	\$ (367,008)
Net position, full accrual basis	\$ (367,008)

**CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS**

Craven County



**CRAVEN COUNTY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>2013</u>	<u>2012</u>
Governmental funds capital assets:		
Land	\$ 9,984,681	\$ 9,974,192
Buildings	67,236,147	67,064,159
Other Improvements	11,146,457	9,918,254
Equipment & Vehicles	9,986,130	9,820,988
Construction in Progress	595,990	568,645
Total governmental funds capital assets	<u>\$ 98,949,405</u>	<u>\$ 97,346,238</u>

Investment in governmental funds capital assets by source:

General Fund	\$ 45,113,353	\$ 43,510,186
Capital Projects	43,665,118	43,665,118
Prior to June, 1992*	10,170,934	10,170,934
Total investment in governmental funds capital assets	<u>\$ 98,949,405</u>	<u>\$ 97,346,238</u>

*Assets acquired prior to 1992 were not classified by source

Craven County
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function & Activity
For the Year Ended June 30, 2013

	Land	Buildings	Other Improvement	Equipment & Vehicles	Total
General Government:					
0101 Commissioners	\$ -	\$ -	\$ -	\$ 10,727	\$ 10,727
0201 Administration	-	-	-	-	-
0301 Personnel	-	-	-	6,797	6,797
0401 Information Technology	-	-	2,362,599	474,882	2,837,481
0404 GIS	-	-	89,304	50,891	140,195
0501 Finance	-	-	-	15,510	15,510
0560 Non Department	-	-	-	117,283	117,283
0601 Elections	-	-	-	447,102	447,102
0801 Tax Assessor	-	-	-	5,995	5,995
0804 Tax Assessor -Mapping	-	-	-	-	-
0805 Tax Assessor -Appraisal	-	-	-	166,147	166,147
0901 Tax Collections	-	-	-	-	-
0904 Tax Assessor -GIS	-	-	-	-	-
1001 Register of Deeds	-	-	-	32,875	32,875
1201 Public Buildings	4,791,951	9,066,226	175,552	141,831	14,175,560
1212 Housekeeping	-	-	-	36,406	36,406
1301 Court Facilities	126,790	4,604,270	1,215,480	31,067	5,977,607
1401 Maintenance	-	57,000	500	139,094	196,594
1501 Central Maintenance	-	-	-	54,657	54,657
Total General Government	\$ 4,918,741	\$ 13,727,496	\$ 3,843,435	\$ 1,731,264	\$ 24,220,936
Public Safety:					
2001 Sheriff	-	-	727,327	2,141,828	2,869,155
2008 Jail	1,718,426	30,856,746	-	139,380	32,714,552
2315 Communications	-	-	14,000	326,840	340,840
2301 Emergency Services	-	-	-	508,589	508,589
2401 Inspections	-	-	-	85,138	85,138
2501 E 911	-	-	2,800	29,939	32,739
2601 Animal Control	-	401,288	2,997	111,617	515,902
Total Public Safety	\$ 1,718,426	\$ 31,258,034	\$ 747,124	\$ 3,343,331	\$ 37,066,915
Environmental Protection:					
3101 Environmental Health	-	-	-	309,343	309,343
3201 Solid Waste	15,640	20,762	-	396,966	433,368
4101 Soil Conservation	-	-	-	22,308	22,308
4201 Cooperative Extension	-	765,129	74,414	51,817	891,360
Total Environmental Protection	\$ 15,640	\$ 785,891	\$ 74,414	\$ 780,434	\$ 1,656,379
Economic and Physical Development:					
4001 Planning	-	-	-	66,034	66,034
4401 Economic Development	162,195	-	750,780	20,508	933,483
8201 Convention Center	1,192,410	10,752,459	779,210	375,475	13,099,554
Total Economic and Physical Development	\$ 1,354,605	\$ 10,752,459	\$ 1,529,990	\$ 462,017	\$ 14,099,071
Health					
5001 Health	\$ -	\$ 5,070,283	\$ 490,057	\$ 1,255,487	\$ 6,815,827
Total Health	-	5,070,283	490,057	1,255,487	6,815,827
Social Services:					
7001 CARTS	-	-	-	1,233,631	1,233,631
7201 DSS	-	5,324,840	645,139	856,116	6,826,095
Total Social Services	\$ -	\$ 5,324,840	\$ 645,139	\$ 2,089,747	\$ 8,059,726
Recreation:					
8001 Recreation	1,977,269	307,335	3,816,298	323,850	6,424,752
Library- Havelock	-	9,809	-	-	9,809
Total Recreation	\$ 1,977,269	\$ 317,144	\$ 3,816,298	\$ 323,850	\$ 6,434,561
Total	\$ 9,984,681	\$ 67,236,147	\$ 11,146,457	\$ 9,986,130	\$ 98,353,415
Construction in Progress					595,990
Total Government Funds Capital Assets					\$ 98,949,405

**CRAVEN COUNTY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION & ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2013**

Function and Activity	Governmental Funds Capital Assets July 1, 2012	Additions	Deductions	Governmental Funds Capital Assets June 30, 2013
General Government:				
0101 Commissioners	\$ 10,727	\$ -	\$ -	\$ 10,727
0201 Administration	-	-	-	-
0301 Personnel	6,797	-	-	6,797
0401 Information Technology	2,757,863	85,315	5,697	2,837,481
0404 GIS	140,195	-	-	140,195
0501 Finance	15,510	-	-	15,510
0560 Non Department	316,647	730,201	929,565	117,283
0601 Elections	447,102	-	-	447,102
0801 Tax Assessor	5,995	-	-	5,995
0805 Tax Assessor -Appraisal	134,461	51,745	20,059	166,147
0901 Tax Collections	-	-	-	-
1001 Register of Deeds	32,875	-	-	32,875
1201 Public Buildings	10,225,983	4,021,280	71,703	14,175,560
1212 Housekeeping	28,541	7,865	-	36,406
1301 Court Facilities	5,947,762	29,845	-	5,977,607
1401 Maintenance	179,428	42,112	24,946	196,594
1501 Central Maintenance	82,575	14,012	41,930	54,657
Total General Government	\$ 20,332,461	\$ 4,982,375	\$ 1,093,900	\$ 24,220,936
Public Safety:				
2001 Sheriff	\$ 2,883,243	\$ 339,259	\$ 353,347	\$ 2,869,155
2008 Jail	36,568,868	-	3,854,316	32,714,552
2315 Communications	340,840	-	-	340,840
2301 Emergency Services	500,589	8,000	-	508,589
2401 Inspections	81,737	18,157	14,756	85,138
2501 E 911	10,644	22,095	-	32,739
2601 Animal Control	486,113	43,507	13,718	515,902
Total Public Safety	\$ 40,872,034	\$ 431,018	\$ 4,236,137	\$ 37,066,915
Environmental Protection:				
3101 Environmental Health	\$ 304,232	\$ 5,111	\$ -	\$ 309,343
3201 Solid Waste	427,451	5,917	-	433,368
4101 Soil Conservation	(5,402)	-	-	(5,402)
4201 Cooperative Extension	882,819	36,251	-	919,070
Total Environmental Protection	\$ 1,609,100	\$ 47,279	\$ -	\$ 1,656,379
Economic and Physical Development:				
4001 Planning	\$ 80,258	\$ 25,196	\$ 39,420	\$ 66,034
4401 Economic Development	933,483	-	-	933,483
8201 Convention Center	12,383,226	731,913	15,585	13,099,554
Total Economic and Physical Development	\$ 13,396,967	\$ 757,109	\$ 55,005	\$ 14,099,071
Health				
5001 Health	\$ 6,690,396	\$ 204,726	\$ 79,295	\$ 6,815,827
Total Health	\$ 6,690,396	\$ 204,726	\$ 79,295	\$ 6,815,827
Social Services:				
7001 CARTS	\$ 1,184,086	\$ 142,357	\$ 92,812	\$ 1,233,631
7201 DSS	6,787,972	297,540	259,417	6,826,095
Total Social Services	\$ 7,972,058	\$ 439,897	\$ 352,229	\$ 8,059,726
Recreation:				
8001 Recreation	\$ 5,894,768	\$ 543,537	\$ 13,553	\$ 6,424,752
Library- Havelock	9,809	-	-	9,809
Total Recreation	\$ 5,904,577	\$ 543,537	\$ 13,553	\$ 6,434,561
Construction in Progress	\$ 568,645	\$ 531,150	\$ 503,805	\$ 595,990
Total governmental funds capital assets	\$ 97,346,238	\$ 7,937,091	\$ 6,333,924	\$ 98,949,405

Craven County



STATISTICAL SECTION (Unaudited)

This part of the County of Craven's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the county's overall financial health.

Contents

Financial Trends

Schedules one through four contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity

Schedules five through eight contain information to help the reader assess the factors affecting the county's ability to generate its property taxes.

Debt Capacity

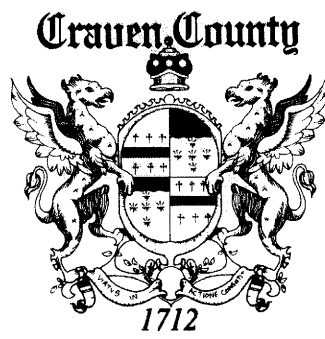
Schedules nine through eleven present information to help the reader assess the affordability of the county's current levels of outstanding debt and the county's ability to issue additional debt in the future.

Demographic and Economic Information

Schedules twelve and thirteen offer demographic and economic indicators to help the reader understand the environment within which the county's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

Schedules fourteen through sixteen contain information about the county's operations and resources to help the reader understand how the county's financial information relates to the services the county provides and the activities it performs.



Schedule 1
Craven County
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Governmental activities</u>										
Net investment in capital assets	\$ 23,254,067	\$ 24,089,182	\$ 26,036,499	\$ 29,183,692	\$ 31,120,067	\$ 33,675,755	\$ 34,254,404	\$ 37,674,722	\$ 37,057,382	\$ 38,519,516
Restricted	8,313,499	4,830,932	3,078,658	4,876,200	5,079,723	4,349,082	4,029,326	8,300,518	9,058,929	9,316,938
Unrestricted (deficit)	<u>(25,230,973)</u>	<u>(18,939,009)</u>	<u>(12,381,079)</u>	<u>(16,368,150)</u>	<u>(17,948,088)</u>	<u>(17,350,746)</u>	<u>(13,245,067)</u>	<u>(14,757,288)</u>	<u>(13,148,958)</u>	<u>(11,378,791)</u>
Total governmental activities net position	<u>\$ 6,336,593</u>	<u>\$ 9,981,105</u>	<u>\$ 16,734,078</u>	<u>\$ 17,691,742</u>	<u>\$ 18,251,702</u>	<u>\$ 20,674,091</u>	<u>\$ 25,038,663</u>	<u>\$ 31,217,952</u>	<u>\$ 32,967,353</u>	<u>\$ 36,457,663</u>
<u>Business-type activities</u>										
Net investment in capital assets	\$ 16,869,221	\$ 17,299,771	\$ 17,289,167	\$ 17,836,280	\$ 19,542,861	\$ 18,330,655	\$ 18,280,499	\$ 17,797,133	\$ 17,751,235	\$ 18,944,146
Unrestricted	<u>5,088,075</u>	<u>5,711,338</u>	<u>6,890,711</u>	<u>7,822,174</u>	<u>7,651,538</u>	<u>9,909,504</u>	<u>11,522,108</u>	<u>13,198,583</u>	<u>14,546,045</u>	<u>14,736,630</u>
Total business-type activities net position	<u>\$ 21,957,296</u>	<u>\$ 23,011,109</u>	<u>\$ 24,179,878</u>	<u>\$ 25,658,454</u>	<u>\$ 27,194,399</u>	<u>\$ 28,240,159</u>	<u>\$ 29,802,607</u>	<u>\$ 30,995,716</u>	<u>\$ 32,297,280</u>	<u>\$ 33,680,776</u>
<u>Primary government</u>										
Net investment in capital assets	\$ 40,123,288	\$ 41,388,953	\$ 43,325,666	\$ 47,019,972	\$ 50,662,928	\$ 52,006,410	\$ 52,534,903	\$ 55,471,855	\$ 54,808,617	\$ 57,463,662
Restricted	8,313,499	4,830,932	3,078,658	4,876,200	5,079,723	4,349,082	4,029,326	8,300,518	9,058,929	9,316,938
Unrestricted (deficit)	<u>(20,142,898)</u>	<u>(13,227,671)</u>	<u>(5,490,368)</u>	<u>(8,545,976)</u>	<u>(10,296,550)</u>	<u>(7,441,242)</u>	<u>(1,722,959)</u>	<u>(1,558,705)</u>	<u>1,397,087</u>	<u>3,357,839</u>
Total primary government net position	<u>\$ 28,293,889</u>	<u>\$ 32,992,214</u>	<u>\$ 40,913,956</u>	<u>\$ 43,350,196</u>	<u>\$ 45,446,101</u>	<u>\$ 48,914,250</u>	<u>\$ 54,841,270</u>	<u>\$ 62,213,668</u>	<u>\$ 65,264,633</u>	<u>\$ 70,138,439</u>

Schedule 2
Craven County
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 6,802,230	\$ 6,557,817	\$ 7,391,683	\$ 7,679,876	\$ 6,568,743	\$ 7,785,402	\$ 7,963,893	\$ 8,577,883	\$ 10,295,084	\$ 6,245,251
Public safety	11,584,190	11,895,790	12,643,683	12,792,549	13,475,510	14,166,850	14,754,169	16,218,231	16,897,985	21,178,464
Social services	20,695,194	21,364,472	22,822,110	23,686,006	24,491,355	23,190,078	22,338,223	23,268,931	23,091,103	22,566,592
Economic and physical development	3,292,424	3,873,381	2,658,847	2,629,063	3,447,939	3,138,650	3,020,353	3,820,355	3,372,531	2,818,906
Environmental protection	5,083,596	4,943,096	5,105,286	5,448,188	5,369,403	5,576,352	5,191,327	5,234,597	5,044,117	4,949,064
Health	6,981,725	6,915,059	7,419,050	7,381,812	8,053,103	8,245,927	8,537,699	8,467,181	8,391,523	8,883,418
Cultural and recreation	1,801,012	1,898,961	2,077,212	2,307,962	2,070,824	3,201,411	2,305,497	2,357,440	2,287,587	2,334,287
Education	20,600,373	18,391,669	20,218,865	29,897,811	33,000,753	24,746,401	22,099,376	22,244,200	23,781,177	23,743,790
Interest on long term debt	2,715,170	2,593,134	2,414,904	3,042,742	3,716,568	4,457,642	3,971,610	3,772,400	3,488,561	2,739,303
Total governmental activities	79,555,914	78,433,379	82,751,640	94,866,009	100,194,198	94,508,713	90,182,147	93,961,218	96,649,668	95,459,075
Business-type activities:										
Water	2,092,799	2,212,566	2,452,231	2,350,421	2,378,268	2,814,711	2,259,291	2,533,584	2,504,781	2,428,976
Total primary government expenses	\$ 81,648,713	\$ 80,645,945	\$ 85,203,871	\$ 97,216,430	\$ 102,572,466	\$ 97,323,424	\$ 92,441,438	\$ 96,494,802	\$ 99,154,449	\$ 97,888,051

Program Revenues

Governmental activities:										
Charges for services:										
General government	\$ 1,657,142	\$ 1,838,261	\$ 2,406,806	\$ 2,116,173	\$ 1,737,095	\$ 1,295,547	\$ 1,283,052	\$ 1,470,684	\$ 1,633,609	\$ 2,056,024
Public safety	1,597,259	1,697,240	2,148,811	1,957,081	2,076,961	2,375,313	1,715,207	1,998,438	2,250,857	2,728,253
Social services	650,102	690,235	626,859	600,994	708,758	905,238	895,360	705,484	746,897	920,099
Economic and physical development	809,529	920,675	916,702	990,517	1,072,446	1,009,269	1,048,298	1,040,227	1,094,565	1,211,200
Environmental protection	2,178,704	2,212,444	2,462,004	2,639,579	2,821,666	2,720,503	2,442,846	2,462,442	2,509,331	2,470,808
Health	4,225,968	4,283,919	4,436,213	4,288,785	4,603,742	4,872,707	5,158,491	5,808,276	5,005,119	5,252,724
Cultural and recreation	51,000	45,745	38,948	50,690	43,309	58,393	70,223	72,418	75,810	80,782
Education	503,596	0	0	0	0	0	0	0	0	0
Operating grants and contributions:										
General government	1,660,038	1,202,220	1,147,799	1,078,615	1,533,601	1,355,699	1,097,706	1,298,151	2,238,620	2,051,064
Public safety	669,885	912,191	651,655	612,213	634,277	551,977	858,361	928,821	845,729	824,904
Social services	10,854,794	10,662,434	11,834,461	12,228,544	12,805,213	13,472,526	14,754,004	15,687,981	15,728,496	14,979,911
Economic and physical development	637,866	1,195,959	50,750	219,000	499,293	24,755	44,816	0	32,998	34,034
Environmental protection	613,754	210,007	168,890	138,582	183,564	169,132	196,072	130,108	143,389	143,267
Health	1,592,510	1,520,635	1,473,080	1,407,566	1,495,242	1,627,356	2,069,631	1,821,323	1,701,749	1,704,070
Cultural and recreation	1,000	0	9,250	35,300	75,233	45,000	18,000	61,500	49,500	37,500
Capital grants and contributions:										
General government	0	0	417,447	0	0	104,129	43,609	0	0	0
Public safety	324,304	0	34,526	0	0	0	99,999	10,696	4,472	0
Social services	117,050	0	228,739	112,514	185,910	193,612	103,938	109,337	117,377	134,820
Economic and physical development	0	0	0	0	0	106,721	184,344	950,510	580,782	452,809
Cultural and recreation	0	0	65,625	106,185	343,815	50,000	56,875	395,394	0	47,731

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Education	0	859,450	1,182,900	1,150,405	1,969,220	1,560,478	1,438,000	2,136,870	1,129,230	1,010,010
Total governmental activities program revenues	28,144,501	28,251,415	30,301,465	29,732,743	32,789,345	32,498,355	33,578,832	37,088,660	35,888,530	36,140,010
Business-type activities:										
Charge for services - Water	2,925,947	3,003,662	3,296,858	3,350,661	3,387,837	3,609,669	3,688,563	3,652,217	3,709,076	3,733,491
Capital grants and contributions - Water	0	0	0	0	0	0	0	0	0	0
Total business-type activities program revenues	2,925,947	3,003,662	3,296,858	3,350,661	3,387,837	3,609,669	3,688,563	3,652,217	3,709,076	3,733,491
Total primary government program revenues	\$ 31,070,448	\$ 31,255,077	\$ 33,598,323	\$ 33,083,404	\$ 36,177,182	\$ 36,108,024	\$ 37,267,395	\$ 40,740,877	\$ 39,597,606	\$ 39,873,501
Net (Expense)/Revenue										
Governmental activities	\$ (51,411,413)	\$ (50,181,964)	\$ (52,450,175)	\$ (65,133,266)	\$ (67,404,853)	\$ (62,010,358)	\$ (56,603,315)	\$ (57,056,902)	\$ (60,761,138)	\$ (59,319,065)
Business-type activities	833,148	791,096	844,627	1,000,240	1,009,569	794,958	1,423,540	1,118,633	1,204,295	1,304,515
Total primary government net (expense)/revenue	\$ (50,578,265)	\$ (49,390,868)	\$ (51,605,548)	\$ (64,133,026)	\$ (66,395,284)	\$ (61,215,400)	\$ (55,179,775)	\$ (55,938,269)	\$ (59,556,843)	\$ (58,014,550)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 32,409,695	\$ 33,462,209	\$ 37,864,384	\$ 40,057,692	\$ 42,236,411	\$ 43,814,430	\$ 44,076,129	\$ 47,482,900	\$ 46,550,189	\$ 47,503,351
Local option sales tax	16,963,021	17,433,367	18,100,692	19,769,089	20,131,706	16,796,425	13,053,176	12,415,520	13,491,235	13,594,555
Other taxes and licenses	580,312	631,352	716,807	730,206	798,930	766,861	790,980	857,817	1,003,991	827,554
Investment earnings	311,727	622,429	1,250,704	2,452,049	3,500,775	1,375,589	544,629	282,690	231,554	228,358
Miscellaneous	999,012	1,631,320	1,224,762	3,036,095	1,226,841	1,582,642	2,406,773	2,091,064	1,128,570	1,519,890
Transfers	61,999	45,799	45,799	45,799	70,150	96,800	96,200	106,200	105,000	102,620
Total governmental activities:	51,325,766	53,826,476	59,203,148	66,090,930	67,964,813	64,432,747	60,967,887	63,236,191	62,510,539	63,776,328
Business-type activities:										
Investment earnings	57,500	102,105	246,435	370,366	429,842	239,026	127,572	72,310	67,396	70,659
Miscellaneous	151,339	206,411	123,506	153,769	166,684	108,576	101,804	114,098	134,873	110,942
Transfers	(61,999)	(45,799)	(45,799)	(45,799)	(70,150)	(96,800)	(96,200)	(106,200)	(105,000)	(102,620)
Total business-type activities	146,840	262,717	324,142	478,336	526,376	250,802	133,176	80,208	97,269	78,981
Total primary government	\$ 51,472,606	\$ 54,089,193	\$ 59,527,290	\$ 66,569,266	\$ 68,491,189	\$ 64,683,549	\$ 61,101,063	\$ 63,316,399	\$ 62,607,808	\$ 63,855,309
Change in Net Position										
Governmental activities	\$ (85,647)	\$ 3,644,512	\$ 6,752,973	\$ 957,664	\$ 559,960	\$ 2,422,389	\$ 4,364,572	\$ 6,179,289	\$ 1,749,401	\$ 4,457,263
Business-type activities	979,988	1,053,813	1,168,769	1,478,576	1,535,945	1,045,760	1,556,716	1,198,841	1,301,564	1,383,496
Total primary government	\$ 894,341	\$ 4,698,325	\$ 7,921,742	\$ 2,436,240	\$ 2,095,905	\$ 3,468,149	\$ 5,921,288	\$ 7,378,130	\$ 3,050,965	\$ 5,840,759

Schedule 3
Craven County
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

General Fund	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Restricted:										
Stabilization by state statute	\$ 6,584,888	\$ 6,224,153	\$ 5,689,161	\$ 6,434,080	\$ 7,920,769	\$ 5,258,842	\$ 5,719,134	\$ 4,839,673	\$ 5,621,630	\$ 6,505,313
Public Safety	415,403	556,964	683,951	501,980	915	80,589	82,387	86,034	84,542	117,324
Register of Deeds	67,142	89,380	0	8,840	46,557	21,750	55,348	58,208	37,222	30,700
Assigned										
Subsequent year's expenditures	1,512,962	805,563	1,112,286	278,250	1,057,114	979,722	1,562,592	0	416,953	0
Unassigned	10,916,933	11,461,312	14,627,823	17,382,258	16,723,785	20,371,199	19,141,577	22,190,181	23,271,321	23,440,262
Total General Fund	\$ 19,497,328	\$ 19,137,372	\$ 22,113,221	\$ 24,605,408	\$ 25,749,140	\$ 26,712,102	\$ 26,561,038	\$ 27,174,096	\$ 29,431,668	\$ 30,093,599
All Other Governmental Funds										
Restricted:										
Stabilization by state statute	\$ 177,452	\$ 204,407	\$ 199,848	\$ 436,966	\$ 398,154	\$ 523,712	\$ 163,699	\$ 288,406	\$ 326,340	\$ 194,002
Public Schools	2,805,486	2,640,065	1,785,304	3,704,012	4,328,413	3,317,971	2,773,462	3,868,232	1,318,370	377,273
Public Safety	291,374	317,610	417,160	456,779	469,202	742,288	954,430	1,237,435	1,670,825	2,045,351
Economic and Physical Development										46,975
Committed										
Capital projects	4,556,643	4,679,025	4,751,947	14,206,542	33,071,988	10,995,371	7,552,472	8,447,983	7,686,508	7,596,194
Unassigned	(820,436)	(500,000)	0	0	0	0	0	(141,851)	(196,990)	(19,890)
Total all other governmental funds	\$ 7,010,519	\$ 7,341,107	\$ 7,154,259	\$ 18,804,299	\$ 38,267,757	\$ 15,579,342	\$ 11,444,063	\$ 13,700,205	\$ 10,805,053	\$ 10,239,905

Amounts shown for Fiscal Years 2010 and prior have been reclassified to conform with GASB Statement 54.

Schedule 4
Craven County
Changes in fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
Revenues	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Taxes:										
Property	\$ 32,549,745	\$ 33,585,023	\$ 37,876,551	\$ 40,031,721	\$ 42,261,507	\$ 43,716,305	\$ 43,929,823	\$ 47,123,345	\$ 47,256,788	\$ 47,466,725
Sales	16,963,021	17,433,367	18,100,692	19,769,089	20,131,706	16,796,425	13,053,171	12,415,519	13,491,235	13,594,555
Other	580,312	631,352	716,807	730,206	798,930	766,861	790,980	857,817	1,003,991	827,554
Total taxes	50,093,078	51,649,742	56,694,050	60,531,016	63,192,143	61,279,591	57,773,974	60,396,681	61,752,014	61,888,834
Intergovernmental	16,974,797	16,562,896	17,265,122	17,088,924	19,725,368	19,261,385	20,965,355	23,530,691	22,572,342	21,695,955
Charges for Services	11,606,329	12,118,416	13,470,741	13,072,951	13,496,839	13,530,854	12,913,153	13,774,262	13,562,444	15,072,071
Interest	298,455	598,241	1,190,972	2,370,690	3,403,401	1,321,851	506,334	262,321	212,830	209,474
Miscellaneous	999,009	872,030	998,896	1,225,277	1,263,264	1,592,941	1,299,699	2,415,734	1,535,915	1,524,801
Total Revenues	79,971,668	81,801,325	89,619,781	94,288,858	101,081,015	96,986,622	93,458,515	100,379,689	99,635,545	100,391,135
Expenditures										
General Government	7,434,198	6,875,991	8,193,210	7,514,048	8,539,207	8,693,318	8,224,937	8,580,077	9,834,924	9,423,766
Public Safety	11,271,380	11,391,656	13,151,735	13,960,441	23,556,676	31,541,868	16,627,081	15,443,304	15,375,134	16,680,517
Environmental Protection	5,046,646	5,006,185	5,103,095	5,444,288	5,413,220	5,478,700	5,099,920	5,169,741	5,005,287	4,908,080
Economic Development	2,989,088	3,505,260	2,194,383	2,241,260	3,043,309	2,720,535	2,603,966	3,596,818	3,134,830	3,059,513
Health	6,626,527	7,007,312	7,072,213	7,169,879	8,064,577	7,983,542	8,366,853	8,407,146	8,405,341	8,605,502
Social Services	20,761,999	21,367,549	22,624,569	23,790,287	24,829,156	23,149,487	21,983,411	23,293,001	23,000,499	22,457,994
Culture and Recreation	1,684,669	1,904,814	2,136,565	2,261,117	2,878,542	3,583,707	2,258,013	2,644,812	2,150,943	2,197,876
Education	20,600,373	18,391,669	20,218,865	29,897,811	33,000,753	24,746,401	22,099,376	22,244,200	23,781,177	23,743,790
Capital Outlay	91,517	95,980	0	0	0	0	0	0	0	0
Debt Service:										
Principal	3,435,146	3,816,917	3,846,504	3,854,145	6,050,858	6,422,014	6,516,291	6,696,780	6,311,214	6,802,064
Interest	2,682,109	2,513,158	2,335,441	2,959,154	4,207,889	4,489,303	4,061,210	3,703,810	3,436,180	2,577,753
Bond issuance costs	163,087						490,800			
Total Expenditures	82,786,739	81,876,491	86,876,580	99,092,430	119,584,187	118,808,875	98,331,858	99,779,689	100,435,529	100,456,855
Excess of revenues over (under) expenditures	# (2,815,071)	# (75,166)	# 2,743,201	(4,803,572)	(18,503,172)	(21,822,253)	(4,873,343)	600,000	(799,984)	(65,720)
Other Financing Sources (Uses)										
Transfers in	7,215,800	8,507,419	9,082,318	10,057,944	11,611,636	6,443,078	5,493,731	8,592,538	6,567,143	9,278,851
Transfers out	(7,153,801)	(8,461,620)	(9,036,519)	(10,012,145)	(11,514,837)	(6,346,278)	(5,397,531)	(8,486,338)	(6,404,739)	(9,176,231)
Bonds issued	0	0	0	0	0	0	0	0	0	0
Refunding bonds issued	13,855,000	0	0	0	0	0	21,800,000	0	0	33,950,000
Refunding bond premium	20,194	0	0	0	0	0	1,037,279	0	0	0
Payment to refunding escrow agent	(13,712,107)	0	0	0	0	0	(22,346,479)	0	0	(33,890,117)
Proceeds from capital lease	0	0	0	0	0	0	0	0	0	0
Proceeds from installment note/COPS	131,773	0	0	18,900,000	39,013,563	0	0	2,163,000	0	0
Total other financing sources (uses)	356,859	45,799	45,799	18,945,799	39,110,362	96,800	587,000	2,269,200	162,404	162,503
Net change in fund balances	\$ (2,458,212)	\$ (29,367)	\$ 2,789,000	\$ 14,142,227	\$ 20,607,190	\$ (21,725,453)	\$ (4,286,343)	\$ 2,869,200	\$ (637,580)	\$ 96,783
Debt service as a percentage of noncapital expenditures	7.57%	7.94%	7.37%	7.06%	9.75%	11.02%	11.16%	10.62%	9.87%	9.57%

Schedule 5
Craven County
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property				Personal Property	Public Service Companies (2)	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)
	Residential Property	Commercial Property	Industrial Property	Present-use Value (1)					
2004	\$ 2,929,225,703	\$ 1,144,525,817	\$ 44,679,730	\$ 67,315,000	\$ 1,273,712,947	\$ 105,752,076	\$ 5,565,211,273	0.5600	\$ 5,710,251,665
2005	3,048,945,696	1,183,144,808	44,584,740	72,290,740	1,316,591,615	105,008,267	5,770,565,866	0.5600	6,115,478,875
2006	3,215,295,945	1,211,684,688	43,244,210	67,076,256	1,366,718,652	117,580,795	6,021,600,546	0.6100	7,323,766,171
2007	3,344,659,741	1,346,918,941	42,427,600	67,623,321	1,430,699,795	108,576,827	6,340,906,231	0.6100	9,241,956,320
2008	3,558,507,233	1,436,304,943	42,626,400	66,670,292	1,477,929,350	111,440,333	6,693,478,551	0.6100	10,118,637,265
2009	3,746,691,834	1,472,798,220	42,798,900	65,636,627	1,487,848,193	121,393,796	6,937,167,570	0.6100	10,403,670,621
2010	3,845,443,208	1,504,956,646	43,707,956	65,391,567	1,413,620,078	104,636,993	6,977,756,448	0.6100	10,464,541,764
2011 (5)	5,721,630,715	2,133,969,998	46,058,910	113,839,891	1,425,520,814	141,105,952	9,582,126,280	0.4728	9,591,717,998
2012	5,738,196,566	2,159,760,665	46,066,910	129,376,082	1,396,207,233	143,182,465	9,612,789,921	0.4728	9,495,989,253
2013	5,808,897,357	2,163,265,740	46,726,780	134,335,862	1,443,216,223	141,607,621	9,738,049,583	0.4700	9,118,877,782

Source: Annual County Report of Valuation and Property Tax Levies

Notes:

- (1) Present use value property is agricultural, horticultural and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable are a lien on the property and are deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years taxes are then required to be paid.
- (2) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.
- (3) Per \$100 of value.
- (4) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place in the calendar year ending during the fiscal year. (The 2013 figure is based on property sales which took place in calendar 2012 and the sales to assessment ration was 106.79%.)
- (5) Property in Craven County is reassessed every eight years. The last reassessment was on January 1, 2010 and was the basis for fiscal 2011 taxes.

Schedule 6
Craven County
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years

	Fiscal Year Taxes Are Payable									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011(1)</u>	<u>2012</u>	<u>2013</u>
Craven County Direct Rate	\$.5600	\$.5600	\$.6100	\$.6100	\$.6100	\$.6100	\$.6100	\$.4728	\$.4728	\$.4700
<u>Municipality Rates:</u>										
Bridgeton	.4700	.4700	0.4700	0.4700	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
Cove City	.1500	.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500
Dover	.3000	.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Havelock	.4200	.4500	0.4500	0.4900	0.4900	0.5300	0.5300	0.4650	0.4650	0.4650
New Bern	.4700	.4700	0.4700	0.4700	0.5050	0.5050	0.5050	0.4100	0.4100	0.4100
River Bend	.1900	.2200	0.2200	0.2200	0.2500	0.2800	0.2800	0.2650	0.2650	0.2650
Trent Woods	.2700	.2700	0.2700	0.2700	0.2700	0.2700	0.2700	0.1900	0.1700	0.1700
Vanceboro	.4800	.4800	0.4800	0.4800	0.4800	0.4800	0.4800	0.4600	0.4600	0.4600
<u>Fire Districts Rates:</u>										
West New Bern II (Rhems)	.0375	.0375	0.0375	0.0375	0.0425	0.0425	0.0475	0.0314	0.0414	0.0414
Township #1	.0238	.0238	0.0238	0.0238	0.0238	0.0263	0.0263	0.0250	0.0250	0.0250
Tri Community	.0350	.0350	0.0350	0.0350	0.0350	0.0350	0.0350	0.0277	0.0277	0.0277
Little Swift Creek	.0590	.0590	0.0590	0.0590	0.0590	0.0590	0.0590	0.0499	0.0549	0.0549
Township #3	.0681	.0681	0.0681	0.0681	0.0681	0.0781	0.0781	0.0624	0.0624	0.0624
Township #5	.0570	.0570	0.0570	0.0570	0.0620	0.0620	0.0620	0.0453	0.0453	0.0453
Township #6	.0475	.0675	0.0675	0.0675	0.0675	0.0600	0.0600	0.0516	0.0516	0.0516
Township #7	.0270	.0270	0.0270	0.0270	0.0270	0.0240	0.0240	0.0177	0.0177	0.0177
West New Bern	.0312	.0312	0.0362	0.0362	0.0362	0.0422	0.0422	0.0324	0.0324	0.0324
Township #9	.0713	.0713	0.0713	0.0713	0.0713	0.0713	0.0713	0.0582	0.0582	0.0582
Sandy Point	.0567	.0567	0.0567	0.0567	0.0567	0.0567	0.0567	0.0352	0.0352	0.0352

Source: Craven County Tax Department

Note: (1) Real property was revalued on January 1, 2010

**Schedule 7
Craven County
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Taxpayer	Type of Business	Fiscal Year 2013			Fiscal Year 2004		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Weyerhaeuser NR Company	Wood pulp manufacturer	\$ 173,413,103	1	1.78%	\$ 201,462,515	1	3.62%
BSH Home Appliances Corp	Home appliance manufacturer	77,441,318	2	0.80%	43,910,055	3	0.79%
Weyerhaeuser Company	Real estate investment trust	63,719,780	3	0.65%	included above		
Progress Energy Carolinas	Electric utility	48,602,379	4	0.50%	35,425,607	5	0.64%
Carolina Telephone & Telegraph Co.	Communications utility	38,996,327	5	0.40%	39,985,537	4	0.72%
Atlantic Marine Corps Communities, LLC	Real estate development	32,953,641	6	0.34%			
Hatteras Yachts	Yacht builder	25,344,956	8	0.26%	22,735,254	6	0.41%
New Bern Riverfront Development LLC	Real estate development	25,146,048	7	0.26%			
Blakemore 300 Executive Parkway LLC & Kaplan 300 Executive Parkway LLC	Real estate development	23,820,770	9	0.24%			
DDR Xenia & New Bern LLC	Real estate development	19,641,250	10	0.20%	13,298,790	8	
Craven Wood Energy LTD	Electricity manufacturer				47,675,364	2	0.86%
Amital Spinning Corp	Yarn manufacturer				14,334,991	7	0.26%
Fairfield Communities	Real estate development				12,621,620	9	0.23%
Moen Incorporated	Plumbing products mfgr.				11,506,798	10	0.21%
Totals		\$ 529,079,572		5.43%	\$ 442,956,531		7.96%

Source: Craven County Tax Department

Schedule 8
Craven County
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)			Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Adjustments			Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2004	\$	31,563,099	\$ (221,056)	\$ 31,342,043	\$ 30,570,553	97.54%	\$ 689,142	\$ 31,259,695	99.74%
2005		32,468,045	(133,839)	32,334,206	31,690,897	98.01%	572,913	32,263,810	99.78%
2006		36,919,653	(321,980)	36,597,673	35,915,565	98.14%	595,746	36,511,311	99.76%
2007		39,046,381	(315,261)	38,731,120	38,031,297	98.19%	600,816	38,632,113	99.74%
2008		41,023,496	(131,609)	40,891,887	40,167,701	98.23%	597,615	40,765,316	99.69%
2009		42,668,211	(266,675)	42,401,536	41,594,880	98.10%	669,490	42,264,370	99.68%
2010		41,740,602	864,039	42,604,641	41,745,625	97.98%	716,309	42,461,934	99.67%
2011		46,445,227	(682,187)	45,763,040	44,809,274	97.92%	788,738	45,598,012	99.64%
2012		45,700,284	(204,780)	45,495,504	44,547,702	97.92%	660,014	45,207,716	99.37%
2013		45,937,323	(101,107)	45,836,216	44,932,857	98.03%	-	44,932,857	98.03%

Source: Craven County Tax Department

Schedule 9
Craven County
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Revenue Bonds	Installment Loans	Capital Leases	General Obligation Bonds	Revenue Bonds	Installment Loans			
2004	\$ 45,773,641	\$ 0	\$ 13,248,452	\$ 71,907	\$ 2,067,800	\$ 0	\$ 1,118,743	\$ 62,280,543	\$ 664	2.41%
2005	43,202,088	0	12,073,442	0	1,690,800	0	1,824,045	58,790,375	627	2.11%
2006	40,575,535	0	10,851,937	0	1,282,500	0	1,711,408	54,421,380	574	1.82%
2007	37,943,982	0	28,527,792	0	839,500	0	1,598,771	68,910,045	716	2.20%
2008	35,347,429	0	63,981,568	0	377,000	0	1,486,135	101,192,132	1,049	2.98%
2009	32,785,876	0	60,015,627	0	245,000	0	1,373,498	94,420,001	966	2.66%
2010	32,706,707	0	56,070,408	0	195,000	0	1,260,861	90,232,976	900	2.52%
2011	29,915,363	0	54,142,701	0	145,000	0	1,148,224	85,351,288	821	2.33%
2012	27,144,019	0	50,442,473	62,415	95,000	0	1,041,486	78,785,393	751	2.05%
2013	23,640,000	0	50,487,250	41,651	45,000	0	2,820,859	77,034,760	732	*

*Information not yet available

Notes: Debt amounts shown include deferred premiums on debt but do not include pension obligations, OPEB, or compensated absences. Details regarding the county's outstanding debt can be found in Note 4 to the financial statements.

- (1) See Schedule 12 for personal income and population data. These ratios are calculated using personal income and population for the calendar year ended during the fiscal year.
Calendar 2012 personal income not available to calculate fiscal year 2013.

Schedule 10
Craven County
Ratios of Net General Bonded Debt Outstanding,
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total			
2004	\$ 47,841,441	\$ 2,805,486	\$ 45,035,955	1.74%	0.79%	\$ 480
2005	44,892,888	2,640,065	42,252,823	1.52%	0.69%	451
2006	41,858,035	1,785,303	40,072,732	1.34%	0.55%	422
2007	38,783,482	3,901,084	34,882,398	1.12%	0.38%	362
2008	35,724,429	4,420,993	31,303,436	0.92%	0.31%	324
2009	33,030,876	3,298,769	29,732,107	0.84%	0.29%	304
2010	32,901,707	2,773,461	30,128,246	0.84%	0.29%	300
2011	30,060,363	1,790,762	28,269,601	0.77%	0.29%	272
2012	27,239,019	802,960	26,436,059	0.69%	0.28%	252
2013	23,685,000	858,942	22,826,058	*	0.25%	217

*Information not yet available.

Notes: Debt amounts shown include deferred premiums on debt but do not include pension obligations, OPEB, or compensated absences. Details regarding the county's outstanding debt can be found in Note 4 to the financial statements.

(1) See Schedule 12 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar 2012 personal income not available to calculate fiscal year 2013.

(2) See schedule 5 for estimated actual taxable value data.

Schedule 11
Craven County
Legal Debt Margin Information,
Last Ten Fiscal Years
(dollars in thousands)

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Assessed Value of Property	\$ 5,565,211	\$ 5,770,566	\$ 6,021,601	\$ 6,340,906	\$ 6,693,479	\$ 6,937,168	\$ 6,977,756	\$ 9,582,126	\$ 9,612,790	\$ 9,738,050
Debt Limit, 8% of Assessed Value (Statutory Limitation)	445,217	461,645	481,728	507,272	535,478	554,973	558,221	766,570	769,023	779,044
Amount of Debt Applicable to Limit										
Gross debt	62,281	58,790	54,421	68,896	101,192	94,420	90,233	85,351	78,785	77,035
Less: Amount available for repayment of g.o.bonds	2,805	2,640	1,785	3,901	4,421	3,318	2,773	1,791	803	859
Debt outstanding for water and sewer purposes	3,187	3,515	2,994	2,438	1,863	1,618	1,456	1,293	1,136	2,866
Revenue bonds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total net debt applicable to limit	56,289	52,635	49,642	62,557	94,908	89,484	86,004	82,267	76,846	73,310
Legal Debt Margin	<u>\$ 388,928</u>	<u>\$ 409,010</u>	<u>\$ 432,086</u>	<u>\$ 444,715</u>	<u>\$ 440,570</u>	<u>\$ 465,490</u>	<u>\$ 472,216</u>	<u>\$ 684,303</u>	<u>\$ 692,177</u>	<u>\$ 705,734</u>
Total net debt applicable to the limit as a % of debt limit	12.64%	11.40%	10.31%	12.33%	17.72%	16.12%	15.41%	10.73%	9.99%	9.41%

Note: NC Statute GS159-55 limits the county's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: money held for payment of principal; debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments, funding and refunding bonds not yet issued; and revenue bonds. The legal debt margin is the difference between the debt limit and the county's net debt outstanding applicable to the limit, and represents the county's legal borrowing authority.

Schedule 12
Craven County
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population(1)	Personal Income (2) (thousands of dollars)	Per Capita Personal Income (2)	Public School Enrollment(3)	Unemployment Rate(4)	Number of Building Inspections Performed(5)
2004	93,779	\$ 2,585,999	\$ 27,834	14,388	5.70%	8,744
2005	93,704	2,787,842	29,801	14,523	4.80%	10,426
2006	94,848	2,982,972	31,490	14,609	4.70%	12,633
2007	96,278	3,127,571	32,268	14,632	4.40%	13,000
2008	96,471	3,390,907	34,663	14,538	4.30%	9,682
2009	97,757	3,553,493	36,134	14,597	6.00%	7,123
2010	100,261	3,585,722	35,181	14,513	10.50%	7,262
2011	103,951	3,669,572	35,310	14,817	11.00%	9,537
2012	104,965	3,836,260	36,610	14,749	11.00%	9,498
2013	105,179	*	*	14,606	9.70%	8,530

* Information not yet available.

Notes:

- (1) N.C. State Data Center. Estimates are as of beginning of fiscal year (July 1)
- (2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are as of the end of the calendar year ended during the fiscal year.
- (3) N.C. Department of Public Instruction, First Month Average Daily Membership.
- (4) N. C. Employment Security Commission, Annual Average as of the end of the calendar year ended during the fiscal year.
- (5) Total number of inspections performed by Craven County Inspections Department. Does not include inspections by municipalities.

Schedule 13
Craven County
Principal Employers
Current Year and Nine Years Ago

Employer	2013			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Department of Defense (1)	5,274	1	13.34%	Over 1,000	1	N/A
CarolinaEast Health Systems	2,192	2	5.55%	Over 1,000	3	N/A
Craven County Schools	1,942	3	4.91%	Over 1,000	2	N/A
Moen Incorporated	935	4	2.37%	500-999	5	N/A
BSH Home Appliances	884	5	2.24%	500-999	7	N/A
State of North Carolina	817	6	2.07%	Over 1,000	4	N/A
Craven County	587	7	1.48%	500-999	8	N/A
Craven Community College	533	8	1.35%	250-499		
Wal-Mart	481	9	1.22%	500-999	10	N/A
City of New Bern	479	10	1.21%	250-499		
Hatteras Yachts (Brunswick Corp)				500-999	6	N/A
Weyerhaeuser Company				500-999	9	N/A
	<u>14,124</u>		<u>35.73%</u>			

Source: N.C. Employment Security Commission

Notes: (1) Excludes 9,419 active military personnel based in Craven County. It includes civilian employment at the Fleet Readiness Center, Naval Health Clinic, 2

Schedule 14
Craven County
Full-time Equivalent County Government Employees by Function,
Last Ten Fiscal Years

Function/Program	Full Time Equivalent Employees as of June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	94	92	87	83	82	81	79	75	72	77
Public safety	128	125	129	134	134	141	148	148	141	142
Social services	201	203	207	204	206	213	213	213	208	191
Economic and physical development	19	18	23	19	21	20	21	23	18	22
Environmental protection	31	30	33	36	33	33	30	32	30	29
Health	97	102	97	111	115	116	117	106	104	102
Cultural and recreation	10	10	7	8	9	16	16	16	12	11
Water/Sewer (Business activity)	13	13	13	13	14	14	11	13	12	13
Total	<u>593</u>	<u>593</u>	<u>596</u>	<u>608</u>	<u>614</u>	<u>634</u>	<u>635</u>	<u>626</u>	<u>597</u>	<u>587</u>

Source: County Finance Department

Note: This schedule represents number of persons employed as of June 30 of each year. Vacant positions are not included in the above numbers. Full time personnel work 2,080 hours per year (less vacation and sick leave). For purposes of this schedule the number of part time employees has been divided by 2.5 to arrive at the full time equivalents.

Schedule 15
Craven County
Operating Indicators by Function,
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Public Safety</u>										
Fire/Rescue calls to County E911 (A)	6,973	7,331	7,517	8,083	8,882	8,002	8,399	9,629	9,216	9,294
Average daily population in jail (B)	154	158	175	185	200	198	186	236	302	259
<u>Health Services (C)</u>										
Food and lodging inspections	1,225	1,424	1,647	1,150	1,615	1,388	1,013	1,280	1,364	1,354
Home health/hospice visits	15,640	17,478	16,573	16,603	16,327	11,760	13,343	12,351	11,136	12,221
Visits to health department	27,546	27,563	27,579	26,199	25,400	27,901	28,422	26,372	27,085	27,268
<u>Transportation Services (D)</u>										
Number of miles driven	814,546	843,124	808,771	761,466	782,257	796,036	783,197	810,130	857,716	794,110
Number of trips provided	109,225	106,627	101,235	100,754	93,984	98,738	101,664	106,118	108,026	105,965
<u>Tax/Real Estate Services (E)</u>										
Deed transfers processed	4,574	5,446	6,405	6,134	4,677	3,944	2,795	2,770	2,728	3,449
Number of real estate parcels	49,824	50,933	52,163	54,469	55,035	55,739	56,112	56,358	56,505	56,774
Number of tax bills generated	145,735	143,765	147,675	150,126	153,477	152,424	151,915	148,943	149,366	150,381
<u>Economic and Physical Development</u>										
County tourism revenues (1)(2) (F)	75	80	87	94	102	105	99	108	116	119
Economic impact of convention center (2) (G)	8	9	9	9	13	10	9	10	9	9
Number of registered voters (H)	55,749	60,503	60,653	61,668	64,110	65,274	66,624	67,073	68,318	68,770
Number of enplanements at airport (I) (3)	92,516	97,876	90,221	110,882	120,293	120,224	134,863	132,035	134,631	60,687
<u>Water Services</u>										
Number of service connections (J)	10,851	11,570	12,001	12,300	12,697	12,857	13,091	13,027	13,199	13,378

Notes:

- (1) The amounts shown are for calendar year ending December 31 during the fiscal year.
(2) Amounts shown are millions of dollars
(3) Amounts shown are by calendar year, therefore the amount shown for the latest year is only six months.

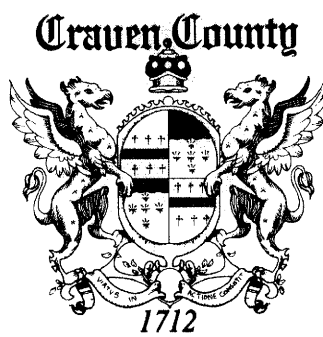
Source of data:

- | | |
|--|--|
| (A) Craven County Emergency Services | (F) NC Department of Commerce |
| (B) Craven County Sheriff Department | (G) Craven County Convention Center |
| (C) Craven County Health Department | (H) Craven County Elections Department |
| (D) CARTS (Craven County Transportation) | (I) Coastal Carolina Regional Airport |
| (E) Craven County Tax Department | (J) Craven County Water Department |

Schedule 16
Craven County
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Public Safety (A)</u>										
Correction facility rated capacities	161	161	161	161	161	161	292	292	292	292
<u>Parks and Land Use (B)</u>										
Number of county parks	2	2	2	2	3	3	4	4	4	4
Boat ramps operated	2	2	2	2	2	2	2	2	2	2
<u>Water Service (C)</u>										
Miles of water main	615	625	645	650	653	660	667	668	668	668
Number of elevated water tanks (1)	8	8	9	9	9	9	9	9	9	9
<u>Transportation Services (D)</u>										
Number of CARTS vehicles	32	32	32	32	32	32	32	32	32	32
<u>Economic and Physical Development</u>										
Convention center	1	1	1	1	1	1	1	1	1	1
Number of remaining acres in Industrial Park (E)	286	224	220	220	220	220	220	219	219	213
<u>Airport (F)</u>										
Number of runways	2	2	2	2	2	2	2	2	2	2

Source of data:
 (A) Craven County Sheriff Department
 (B) Craven County Recreation Department
 (C) Craven County Water Department
 (D) CARTS (Craven County Transportation)
 (E) Craven County Finance Department
 (F) Craven County Regional Airport



COMPLIANCE SECTION

Craven County





**Independent Auditor's Report on
Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
With Government Auditing Standards**

To the Board of County Commissioners
Craven County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Craven County, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Craven County's basic financial statements, and have issued our report thereon dated October 28, 2013. Our report includes a reference to other auditors. Other auditors audited the financial statements of CarolinaEast Health System and Craven County Alcoholic Beverage Control Board, as described in our report on Craven County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and any other matters that are reported separately by those auditors. The financial statements of CarolinaEast Health System and Craven County Alcoholic Beverage Control Board were not audited in accordance with *Government Auditing Standards*. Our report also includes an emphasis of matter paragraph regarding a change in accounting principle.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Craven County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Craven County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of the audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "McGladrey LLP".

Morehead City, North Carolina
October 28, 2013



**Independent Auditor's Report
On Compliance for Each Major Federal Program
And on Internal Control Over Compliance in
Accordance with OMB Circular A-133 and the
State Single Audit Implementation Act**

To the Board of County Commissioners
Craven County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Craven County, North Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Craven County's major federal programs, and with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration for its passenger facility charge program, for the year ended June 30, 2013. Craven County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Craven County's basic financial statements include the operations of CarolinaEast Health System (Health System) and Craven County Alcoholic Beverage Control Board (ABC Board), both discretely presented component units of Craven County. Our audit, described below, did not include the operations of the Health System and ABC Board because the financial statements of the Health System and ABC Board (audited by other auditors) were not audited in accordance with *Government Auditing Standards*, OMB Circular A-133 or the State Single Audit Implementation Act.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and the passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Craven County's major federal programs and the passenger facility charge program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, the State Single Audit Implementation Act, and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Those standards, OMB Circular A-133, the State Single Audit Implementation Act and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about Craven County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Craven County's compliance.

Opinion on Each Major Federal Program

In our opinion, Craven County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and its passenger facility charge program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Craven County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Craven County's internal control over compliance and the types of requirements that could have a direct and material effect on a major federal program and the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purposes.

McGladrey LLP

Morehead City, North Carolina
October 28, 2013



**Independent Auditor's Report
On Compliance for Each Major State Program
And on Internal Control Over Compliance
In Accordance with the Applicable Sections of
OMB Circular A-133 and the State Single Audit
Implementation Act**

To the Board of County Commissioners
Craven County, North Carolina

Report on Compliance for Each Major State Program

We have audited Craven County, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major State programs for the year ended June 30, 2013. Craven County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Craven County's basic financial statements include the operations of CarolinaEast Health System (Health System) and Craven County Alcoholic Beverage Control Board (ABC Board), both discretely presented component units of Craven County. Our audit, described below, did not include the operations of the Health System and ABC Board because the financial statements of the Health System and ABC Board (audited by other auditors) were not audited in accordance with *Government Auditing Standards*, applicable sections of OMB Circular A-133 or the State Single Audit Implementation Act.

Management's Responsibility

Management is responsible for the compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Craven County's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Craven County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination on Craven County's compliance.

Opinion on Each Major State Program

In our opinion, Craven County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Craven County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Craven County's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

McGladrey LLP

Morehead City, North Carolina
October 28, 2013

CRAVEN COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Year Ended June 30, 2013

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- | | | | |
|---|-----------|---------|---------------|
| • Material weakness(es) identified? | Yes | X | No |
| • Significant deficiency(ies) identified? | _____ Yes | _____ X | None reported |
| | _____ | _____ | |

Noncompliance material to financial

statements noted?	Yes	X	No
	_____	_____	

Federal Awards

Internal control over major federal programs:

- | | | | |
|---|-------|-------|---------------|
| • Material weakness(es) identified? | Yes | X | No |
| | _____ | _____ | |
| • Significant deficiency(ies) identified? | Yes | X | None reported |
| | _____ | _____ | |

(Continued)

CRAVEN COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2013

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be
reported in accordance with Section 510(a) of

Circular A-133? Yes X No

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA</u>
Medical Assistance Program	93.778
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557
Temporary Assistance for Needy Families	93.558
Subsidized Child Care Cluster Program	93.575, 93.596, 93.658
Airport Improvement Program (AIP)	20.106

Dollar threshold used to distinguish

between Type A and Type B Programs \$ 2,788,428

Auditee qualified as low-risk auditee? X Yes No

(Continued)

CRAVEN COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2013

State Awards

Internal control over major State programs:

- | | | | |
|---|-----------|---------|---------------|
| • Material weakness(es) identified? | Yes | X | No |
| • Significant deficiency(ies) identified? | _____ Yes | _____ X | None reported |

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are
required to be reported in accordance with the
State Single Audit Implementation Act?

_____ Yes _____ X No

Identification of major State programs:

<u>Program Name</u>	<u>Grant #</u>
State Aid to Airports	N/A
NC Clean Water Revolving Loan and Grant Program	N/A

Note: Certain major State programs are tested with their federal components and are listed as major Federal programs as follows:

Medical Assistance Program (State portion)

Temporary Assistance for Needy Families (State portion)

Subsidized Child Care Cluster Program (State portion)

CRAVEN COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2013

Section II. Financial Statement Findings

None

Section III. Federal Award Findings

None

Section IV. State Award Findings

None

**CRAVEN COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2013**

Section II. Financial Statement Findings

No corrective action plan is required for the current year.

Section III. Findings and Questioned Costs for Federal Awards

No corrective action plan is required in the current year.

Section IV. Findings and Questioned Costs for State Awards

No corrective action plan is required in the current year.

**CRAVEN COUNTY, NORTH CAROLINA
STATUS OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2013**

None reported in prior year.

Craven County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2013
(Page 1 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
FEDERAL AWARDS:					
US Department of Agriculture					
Passed-through the NC Dept of Health and Human Services:					
Division of Social Services:					
Administered by County Health Department:					
Direct Benefit Payments:					
Special Supplemental Nutrition for Women, Infants and Children:					
	10.557	5405	\$ 2,511,087	\$ -	\$ -
			2,511,087	-	-
Passed through NC Department of Health and Human Services:					
Division of Public Health:					
Special Supplemental Nutrition Program for Women, Infants, and Children:					
	10.557		621,112	-	191
AGRI-SFP Food Program Meal					
	10.559		-	663	1,037,781
Total U.S. Department of Agriculture					
			3,132,199	663	1,037,972
Passed-through the NC Dept of Health and Human Services:					
Division of Social Services:					
Administered by County Department of Social Services:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program:					
Food Stamp Administration					
	10.561		965,169	-	965,169
Food Stamp Issuance					
	10.561		23,912	-	23,912
Food Stamp Fraud Administration					
	10.561		30,146	-	30,146
Food Stamp Tax Intercept					
	10.561		18,491	-	-
Total Food Stamp Cluster					
			1,037,718	-	1,019,227
Total US Department of Agriculture					
			4,169,917	663	2,057,199
US Department of Housing and Urban Development					
Pass through NC Department of Commerce					
Administered by Craven county Planning					
Scattered Sites					
	14.228	12-C-2413	7,566	-	-
Small Business and Entrepreneurial Assistance					
	14.228	12-C-2442	3,581	-	-
Contingency Infrastructure					
	14.228	10-C-2220	270,354	-	-
Total US Department of Housing and Urban Development					
			281,501	-	-
US Department of Justice:					
Passed through Bureau of Justice Assistance					
Administered by Craven County Sheriff					
State Criminal Alien Assistance Program					
	16.606		4,514	-	-
Bullet Proof Vest					
	16.607		12,075	-	7,375
Equitable Sharing Program					
	16.922		18,577	-	-
Total US Department of Justice					
			35,166	-	7,375
US Department of Transportation					
Federal Aviation Administration					
Direct Programs:					
Administered by Craven Regional Airport:					
Airport Improvement Program:					
Airport Improvement Project No. 32					
	20.106	3-37-0050-32	6,666	-	-
Airport Improvement Project No. 34					
	20.106	3-37-0050-34	37,718	-	-
Airport Improvement Project No. 35					
	20.106	3-37-0050-35	5,066,047	-	612,850
			5,110,431	-	612,850
Passed through NC Department of Transportation:					
Administered by Craven Area Rural Transportation System:					
Administration					
	20.509	36233.31.13.1	270,613	16,913	50,740
Operations					
	20.509	36233.31.13.2	43,219	-	43,219
Capital					
	20.509	36233.31.13.3	126,889	7,931	23,792
			440,721	24,844	117,751
Administered by Craven County Sheriff					
Governors Highway Safety Program					
	20.602	K2-13-07-17	13,745	-	-
Total US Department of Transportation					
			5,564,897	24,844	730,601
Department of Homeland Security					
Division of Emergency Management:					
Passed through NC Department of Crime Control and Public Safety:					
Emergency Management Performance Grant					
	97.042	EMPG-2011-37049	49,878	-	-
			49,878	-	-

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2013
(Page 2 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
Passed through Craven County Emergency Services					
NC CERT Program					
Town of Fairfield Harbour	97.067	2010-SS-TO-0075	\$ 1,814	\$ -	\$ -
City of Havelock	97.067	2010-SS-TO-0075	1,721	-	-
City of New Bern	97.067	2010-SS-TO-0075	1,357	-	-
Town of Riverbend	97.067	2010-SS-TO-0075	972	-	-
Town of Trentwoods	97.067	2010-SS-TO-0075	990	-	-
			<u>6,854</u>	<u>-</u>	<u>-</u>
Administered by Craven County Planning:					
Repetitive Flood Claims Project	97.092	RFC-PJ-NC-2011-002	132,455	-	-
Pamlico Sound Regional Hazard Mitigation Plan	97.039	HMGP 1969-006	6,557	2,186	-
			<u>139,012</u>	<u>2,186</u>	<u>-</u>
Transportation Security Administration:					
Administered by Craven Regional Airport:					
Law Enforcement Officer Reimbursement Program	Unknown	HSTS0213HSLR020	106,393	-	-
			<u>106,393</u>	<u>-</u>	<u>-</u>
Total US Department of Homeland Security			302,137	2,186	-
US Department of Administration					
US Election Assistance Commission:					
Passed through NC Department of Elections:					
HAVA Title II One-Stop Grant	90.401		7,927	-	-
Total US Department of Administration			<u>7,927</u>	<u>-</u>	<u>-</u>
US Department of Health and Human Services					
<u>Administration on Aging</u>					
Passed through NC Department of Health and Human Services:					
Division of Aging, Home, and Community Care Block Grant					
Aging Cluster:					
Passed through Craven County Department of Social Services:					
Administered by Craven Area Rural Transportation					
HCCBG Transport	93.044		67,080	3,946	7,892
Administered by Coastal Community Action:					
Senior Companion Program	93.045		30,340	5,426	4,019
Administered by City of Havelock					
HCCBG Congregate Meals Havelock Senior Center					
USDA Congregate	93.045		3,246	-	-
Congregate Meals	93.045		26,624	-	-
Administered by Craven County Department of Social Services:					
Congregate Meals	93.045		63,337	11,177	8,279
USDA Congregate	93.045		8,085	-	-
Home Delivered Meals	93.045		131,785	23,256	17,227
USDA Home Delivered Meals	93.045		23,559	-	-
In Home Level II	93.667		114,139	20,142	14,920
Care Management Administration	93.633		74,083	13,074	9,684
Senior Center Health	93.044		2,713	479	355
Title III Health Promotion	93.043		6,538	385	769
Senior Center General Purpose	93.044		5,448	-	1,816
Adult Protective Services	93.052		41,677	-	13,892
Family Care Giver	93.052		32,088	2,139	-
Services for the Blind	Unknown		31,992	11,582	5,582
			<u>662,734</u>	<u>91,606</u>	<u>84,435</u>
<u>Administration for Children and Families</u>					
Passed through NC Department of Health and Human Services:					
Division of Social Services:					
Administered by Craven County Department of Social Services:					
Work First/TANF Benefit Payments	93.558		591,120	(67)	-
Work First Administration	93.558		337,483	-	179,105
Work First Service	93.558		1,482,532	-	525,404
Family Support Payments	93.560		(375)	(103)	(103)
			<u>2,410,760</u>	<u>(170)</u>	<u>704,406</u>
Refugee Assistance Administration	93.566		39,362	-	-
IV-D Child Support Enforcement:					
Administration	93.563		139,504	-	71,866
Coop Agreements	93.563		855,138	-	440,525
Non-AFDC	93.563		1,168	-	602
			<u>995,810</u>	<u>-</u>	<u>512,993</u>
Low-Income Home Energy Assistance:					
Administration	93.568		76,166	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568		251,600	-	-
Crisis Intervention Payments	93.568		568,979	-	-
			<u>896,745</u>	<u>-</u>	<u>-</u>
Administered by Craven County Health:					
Child Welfare Services:					
Permanency Planning:					
Permanency Planning - Special	93.645		50,745	-	16,915
Adoption Subsidy	93.645		-	325,599	93,697
			<u>50,745</u>	<u>325,599</u>	<u>110,612</u>

Craven County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2013
(Page 3 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
Foster Care and Adoption Cluster:					
Title IV-E Foster Care:					
Administration	93.658		\$ 18,837	\$ 6,041	\$ 11,955
Foster Care - At Risk	93.658		310,519	-	295,418
IV-E CPS	93.658		221,883	82,604	139,279
Foster Care - Direct Benefit Payments	93.658		73,086	18,291	18,292
Title IV-E Adoption Subsidy	93.659		437,589	115,631	115,631
Total Foster Care and Adoption Cluster			1,061,914	222,567	580,575
Division of Child Development :					
Administered by Craven County DSS:					
Subsidized Child Care Cluster:					
Child Care & Development Fund - Discretionary	93.575		1,526,134	-	-
Child Care & Development Fund - Mandatory	93.596		657,351	-	-
Child Care & Development Fund - Match	93.596		761,479	300,320	-
Child Care & Development Fund - Administration	93.596		178,345	-	-
Social Services Block Grant	93.667		10,652	-	-
CPS TANF	93.667		71,512	-	-
Temporary Assistance for Needy Families	93.558		847,088	-	-
TANF - MOE			-	287,874	-
Foster Care Title IV-E	93.658		37,520	18,259	-
Smart Start			-	47,850	-
State Appropriation			-	289,270	-
Total Subsidized Child Care Cluster			4,090,081	943,573	-
Centers for Medicare and Medicaid Services					
passed through NC Dept. of Health and Human Services					
Division of Medical Assistance					
Medical Assistance Program	93.778		-	-	170,576
Administered by County Department of Social Services:					
Social Services Block Grant:					
Family Planning:					
Adopt FC	93.667		157,256	-	43,009
In-Home Services	93.667		48,462	-	6,923
In-Home Services over 60	93.667		30,077	-	4,297
Other Services and Training	93.667		317,422	36,722	118,048
			553,217	36,722	172,277
Passed through NC Department of Health and Human Services:					
Administered by County Department of Social Services:					
Independent Living - Foster Care	93.674		37,291	4,004	-
Health Care Financing Administration					
Passed through NC Department of Health and Human Services:					
Division of Medical Assistance:					
Administration:					
Medical Assistance Program	93.778		1,434,073	-	1,430,923
Medical Transportation Service	93.778		80,500	42,382	-
Eligibility Workers Administration - MA	93.778		19,655	19,655	-
Medical Transportation Administration	93.778		84,294	-	84,294
Medicaid At-Risk Administration	93.778		47,004	-	2,495
Family Preservation	93.556		4,749	-	-
Other:					
Adult Care Home Case Management	93.778		49,304	13,374	35,929
NC Health Choice	93.767		38,638	2,930	9,388
Direct Benefit Payments:					
Medical Assistance Program	93.778		69,450,254	38,840,303	17,878
			71,208,471	38,918,644	1,580,907
Health Resources and Services Administration					
Passed through NC Department of Health and Human Services:					
Division of Public Health:					
Family Planning	93.217		76,842	5,227	504,530
State Health Access Program	93.256		-	6,601	-
Immunization Action Plan/ Aid to County Funding	93.268		34,903	-	17,018
Centers for Disease Control And Prevention					
Investigations and Technical Assistance	93.283		64,134	-	2,232
Emergency Preparedness	93.069		55,362	-	(16,637)
Coop Agreement for Breast and Cervical Cancer	93.919		22,200	12,750	(663)
Communicable Disease Expansion Budget	93.940		99,068	-	1,266
Temporary Assistance for Needy Families	93.558		10,211	-	-
Refugee	93.576		6,200	-	8,782
Statewide Health Promotion Program	93.991		9,640	9,045	-
Maternal and Child Health Services Block Grant:					
Maternal Health	93.994		55,737	113,235	883,015
Womens Preventive Health	93.994		69,187	51,897	-
Child Health	93.994		75,450	56,595	1,008,499
			578,934	255,350	2,408,042
Total US Department of Health and Human Services			82,586,064	40,797,895	6,324,823

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2013
(Page 4 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
STATE ASSISTANCE					
NC Department of Health and Human Services					
Division of Social Services:					
Administered by County Department of Social Services:					
State/County Special Assistance Benefits Payments			\$ -	\$ 614,800	\$ 614,800
Energy Assistance, Carolina Power & Light Project			-	11,402	-
State Foster Home			-	88,523	88,522
			-	714,725	703,322
Division of Public Health:					
Administered by County Health Department:					
General			-	131,675	-
Environmental Health			-	16,227	-
Lead Prevention Aid to County Funds			-	8,114	41,643
Public Health Nurse Training			-	1,200	-
Communicable Disease			-	6,343	41,267
Tuberculosis			-	31,587	33,607
AIDS - State			-	12,500	22,480
Risk Reduction/Health Promotion			-	6,206	-
TB Medical Services			-	2,023	-
			-	215,875	138,997
Total NC Department of Health and Human Services			-	930,600	842,319
NC Department of Juvenile Justice and Delinquency Prevention					
Division of Youth Services:					
Juvenile Crime Prevention Program:					
Passed through County Finance Department:					
Committee for Children	825000		-	713	-
Structured Day Reporting	825006		-	109,711	-
Juvenile Restitution	825053		-	59,280	-
Resolve	825022		-	37,365	-
Teen Court	825032		-	47,501	-
Total NC Department of Juvenile Justice and Delinquency Prevention			-	254,570	-
NC Department of Environment and Natural Resources					
Natural Resources Division:					
Administered by County Soil Conservation Department:					
Technical Assistance Funds			-	26,675	-
State Matching Funds			-	3,600	-
Neuse Basin Tech			-	4,000	-
Total Division of Soil and Water Conservation			-	34,275	-
Division of Parks and Recreation:					
Administered by Craven County Recreation:					
Latham Whitehurst Nature Park		PART# 2009-594	-	47,731	-
Division of Waste Management:					
Administered by Craven County Solid Waste:					
Electronic Management Program			-	6,024	-
Noncash Program:					
Administered by Craven County Water and Finance:					
NC Clean Water Revolving Loan and Grant Program			-	1,859,487	-
Total NC Department of Environment and Natural Resources			-	1,947,517	-
NC Department of Transportation:					
Rural Operating Assistance Program (ROAP):					
Elderly Handicap		EHTAP	-	76,355	-
General Public Transportation Craven		GPT	-	104,173	-
General Public Transportation Jones		GPT	-	45,919	-
General Public Transportation Pamlico		GPT	-	45,486	-
Temporary Assistance for Needy Families - Jones County		Work First	-	3,762	-
Temporary Assistance for Needy Families - Pamlico County		Work First	-	5,076	-
Temporary Assistance for Needy Families - Craven County		Work First	-	39,865	-
Administered by Craven Regional Airport:					
Annual Appropriation - State Aid to Airports	9.9417010		-	300,000	-
Administered by Craven County CARTS:					
5310 Elderly Disabled TTAP			-	7,730	-
Administered by Craven County Planning:					
CDBG FY 10 Contingency Infrastructure	10-C-2220		-	50,000	-
Total NC Department of Transportation			-	678,366	-

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2013
(Page 5 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
NC Department of Commerce:					
Pass Through Craven County Economic Development Commission					
One NC Grant - Brunswick Corporation			\$ -	\$ 23,234	\$ -
Defending MCAS Cherry Point and FRC East			-	125,000	-
Total NC Department of Commerce			-	148,234	-
Department of the State Treasurer:					
Public School Building Capital Fund-Lottery Proceeds			-	1,010,000	-
Total NC Department of Public Instruction			-	1,010,000	-
NC Department of Administration:					
Division of Veterans Affairs:					
Administered by Craven County Department of Veterans Services:					
Veterans Services			-	1,452	-
NC Department of Agriculture and Consumer Services					
Administered by Craven County Soil Conservation					
Conservation Reserve Enhancement Project			-	2,860	-
NC Department of Insurance:					
Administered by Cooperative Extension					
Senior Health Insurance Information Program (SHIIP)			-	5,146	-
Total Federal Expenditures			<u>\$ 92,947,609</u>		
Total State Expenditures				<u>\$ 45,804,333</u>	
Total Local Expenditures					<u>\$ 9,962,317</u>
Federal Aviation Administration:					
Administered by Craven Regional Airport:					
Passenger Facility Charges		96-01-C-00-EWN	\$ 418,387	\$ -	\$ -

CRAVEN COUNTY, NORTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND
PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2013

Note 1. GENERAL

The accompanying schedule of expenditures of federal and State awards and passenger facility charges represents only the activity of all federal and State financial assistance programs of Craven County, North Carolina, primary government, all blended component units, and the Airport Authority and Tourism Development Authority discretely presented component units. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the State Single Audit Implementation Act, and the Passenger Facility Charges Audit Guide for Public Agencies issued by the Federal Aviation Administration. There, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. BASIS OF ACCOUNTING

The accompanying schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements, except that direct benefit payments (excluding SNAP direct benefit payments discussed below) made by the State of North Carolina to eligible program beneficiaries and the value of WIC vouchers distributed, which are not included as expenditures in the basic financial statements, are included herein. In accordance with guidance issued by the United States Department of Agriculture, Food and Nutrition Service Division, direct benefits payments for the Supplemental Nutrition Assistance Program (SNAP), formerly the Food Stamp Program, of \$18,837,101 have not been reported as expenditures in the basic financial statements or in the Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges.

Note 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Substantially all federal and State financial assistance programs (other than direct benefit payments - see Note 2) are accounted for in the County's governmental funds.

Note 4. PASSENGER FACILITY CHARGES

Beginning February 1, 1997, and including subsequent revisions, Craven County Regional Airport Authority was authorized to impose a passenger facility charge to a maximum of \$11,160,275. Current year expenditures from these funds are \$418,387 and are included on the schedule of expenditures of federal and State awards and passenger facility charges. Revenue from passenger facility charges for the year ended June 30, 2013 consists of \$481,335 for passenger facility charges plus \$1,862 of interest earnings from the restricted bank account. Passenger facility charges are administered by the Federal Aviation Administration (FAA) but are not considered federal awards. Their presentation in this schedule is in accordance with FAA requirements.

Note 5. PROGRAM CLUSTERS

The following are clustered by the NC Department of Health and Human Services and are treated separately for State audit requirement purposes: Subsidized Child Care Cluster and Foster Care and Adoption Cluster.

Note 6. LOAN ACTIVITY

The County had the following loan activity involving State award program dollars during the current fiscal year.

Grantor/Program Title	Federal CFDA Number	Loan Balance July 1, 2012	Loan Proceeds	Principal Repayments	Loan Balance June 30, 2013
NC Clean Water Revolving Loan and Grant Program	N/A	\$ -	\$ 1,859,487	\$ -	\$ 1,859,487